

FINANCIAL TIMES

Start
the week
with...

World Business Newspaper

Beijing faces EU and US pressure on copyright abuses

European and US trade officials arrive in Beijing this week to press China on its efforts to join the World Trade Organisation and meet its commitments to curb abuses of intellectual property rights. The visits coincide with controversy in the US over renewal of China's most favoured nation trading status. Page 16: CD counterfeiting, Page 4

Pharmacia & Upjohn, the pharmaceuticals company formed from the merger of Swedish and US groups, took a \$257m restructuring charge for its first full quarter. Page 17

Aznar names Spanish cabinet: Spain's new prime minister José María Aznar named a reduced 14-member cabinet, the smallest since Spanish democracy was reinstated in the 1970s, after he was formally sworn by King Juan Carlos. Page 16: Regional parties stay in shadows, Page 2

Ex-magistrate may head ministry: Former anti-corruption magistrate Antonio Di Pietro has been offered the post of Italy's minister of public works by Romano Prodi who is likely to be asked to form a government in the next few weeks. Page 2

Assurances Générales de France chairman Antoine Jeancourt-Galignani will resign from the boards of several French companies following the government's decision to sell most of its holding in the large French insurer. Page 17; Lex, Page 16

Unipalm Pipex, the biggest provider of Internet access to British businesses, will help companies limit staff access to the Internet following British government bids to cut down on electronic pornography. Page 6

Meritis, the leading Finnish bank, reported a pre-tax profit of FM233m (\$45.5m) in the first quarter of the year. Page 18

Close race in Indian elections: An opinion poll gave prime minister P V Narasimha Rao's Congress party and the Hindu nationalist party IES and 165 seats respectively, with results due later this week. Round in circles, Page 3

Viacom, the US entertainment group, reported an 18 per cent drop in operating income in the first quarter to \$274m after poor results from the Paramount film studio and the Blockbuster video and music chain. Page 18

Algeria to hold elections: President Liam Zeroual said Algeria planned to hold general elections early next year and Algerians would be asked to vote in a referendum on amending the constitution. Page 4

Asian growth to stay strong: Growth in the Asia-Pacific region will remain strong but the total east Asian current account surplus will fall this year to \$78.2bn from \$106.3bn in 1993, a study by the Asia-Pacific Economics Group warns. Page 3

Colombian raid kills 16: Suspected Revolutionary Armed Forces of Colombia guerrillas killed at least 16 people during raids on two towns more than 250 miles (400km) north-west of Bogota. Page 16

US crime rate falls: The US crime rate fell for the fourth consecutive year as murders reported to the police dropped 8 per cent in 1993 from 23,300 killings in 1992, the FBI said. Page 6

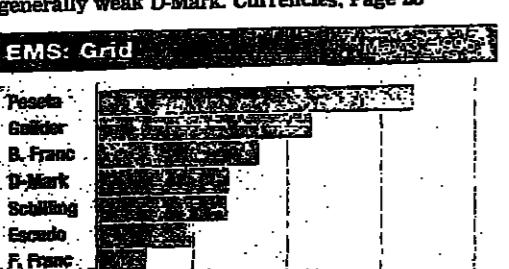
Manchester United win English title: Manchester United claimed English football's Premier League title with a 3-0 win at Middlesbrough. Newcastle United, the only other contender, drew 1-1 with Tottenham Hotspur. Page 6

Hill wins San Marino grand prix



Britain's Damon Hill in a Williams Renault leads the Ferrari of German Michael Schumacher (above) in the San Marino grand prix at Imola, Italy. Hill won ahead of Schumacher and Austria's Gerhard Berger in a Benetton. Mental training, Page 10

European monetary system: The schilling and the D-Mark swapped places last week, as did the French franc and the Danish krone. The spread between the currencies narrowed slightly against a generally weak D-Mark. Currencies, Page 25



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the Guilder which move in a 2.25 per cent band.

EMS: Grid

Currency	Range
Peseta	0% - 15%
Guilder	0% - 15%
D. Franc	0% - 15%
D-Mark	2.25% - 15%
Schilling	0% - 15%
Escudo	0% - 15%
F. Franc	0% - 15%
D. Krone	0% - 15%
Irish Punt	0% - 15%

The environment

Pollution permits
- trading places

Leyla Boultton, Page 15

Management

David and Goliath
in Estonia

Christopher Brown-Humes, Page 8

Michael Prowse

The absurdity
of some titles

Page 14



MONDAY MAY 6 1996

Eurotunnel banks split over planned equity stake

French shareholder group poised to take legal action

By Geoff Dyer in London, David Owen and David Buchan in Paris

Several of Eurotunnel's largest banks have strongly criticised an outline refinancing programme for the operator of the Channel Tunnel and are demanding a bigger share of the company's equity in return.

The comments indicate that although negotiations between the Anglo-French company and its banks are due to restart this week, a final agreement on a refinancing solution is still a long way off.

The talks received another setback yesterday when a group representing French shareholders said it was unlikely to accept the outline plan and that it was planning to take legal action against the company's banks. Any final plan to refinance the group's \$2.4bn (\$12.65bn) debt must be approved by all 225 banks and a majority of its shareholders.

The outline plan has been agreed by the six lenders in the so-called steering group which is running the negotiations on behalf of Eurotunnel's 225 banks.

The main plank of the proposals is a large debt-for-equity swap which could leave the banks owning nearly half the equity in the company.

The proposals were presented to a meeting of the instructing banks, the next layer of 20 lenders, at a meeting in Paris on Friday. However, bankers present at the meeting said there was considerable opposition among the instructing banks. Several banks

Lex, Page 16

in the group believe that if they are to swap such a large sum of debt - between \$2.5bn and \$3.5bn, according to initial estimates - they should receive a larger proportion of the shares.

"We feel we are not getting enough equity for what we are being asked to give up," said one banker.

It has also emerged that there is still some disagreement among the steering group of lenders. A senior official at one of the two French banks in the group said that while the UK side was

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NEWS: EUROPE

Bossi independence call may speed constitutional reform

By Andrew Hill in Milan

Italy's political parties may have to accelerate moves for a federal reform of the constitution following overt calls for the independence of northern Italy by Mr Umberto Bossi, leader of the separatist Northern League.

On Saturday, Mr Bossi told the League's self-styled parliament of the north near Mantua that Italy should move towards a Czechoslovak-style split between the northern "region" of Padania and the rest of the country.

If the League persists with its hard line, it could create difficulties for the centre-left alliance which won last month's elections. A new government would also certainly require the League's support in

parliament on specific issues.

Commentators from both sides suggested a new government would have to take proposals for federal reform almost immediately after taking office to defuse Mr Bossi's threats. Mr Pierferdinando Casini, leader of the CCD, the small opposition party, proposed a cross-party pact on federal reform.

Mr Bossi's radical proposals cannot be ignored because of the surprising success of the League in the elections. It emerged as the largest single party in northern Italy, with a particularly strong showing in the prosperous north-east.

The League does not hold the balance of power in the Italian parliament, where the centre-left Olive Tree alliance has a slim majority with the

support of the Marxist Reconstructed Communism (RC).

However the League's backing may be necessary if the Olive Tree wants to push through certain measures proposed by RC, including privatisation entry into European monetary union, and public spending cuts.

Mr Romano Prodi, who is likely to be asked to form the next government, said at the weekend that Mr Bossi's proposals were worrying, but he played down the risk that the League could upset the centre-left unity.

Far from moderating his tone in the weeks since the April 21 election, Mr Bossi's position has become more extreme. At Saturday's meeting of the parliament of the north (now renamed the parlia-

ment of the Padania), he proposed the establishment of a committee for the liberation of Padania, and the formation of a Padania government with 10 ministers. He also said League supporters had the right to resist those national laws which went against the interests of the north.

His comments were condemned by the centre-left alliance which won last month's elections, and by the right-wing opposition, while President Oscar Luigi Scalfaro said Italian unity was "indispensable".

There were more calls yesterday for Mr Bossi to be prosecuted for attacking Italian unity, which is a criminal offence, although legal experts doubted whether such a prosecution would succeed.

Observer, Page 15

Di Pietro plans to be public works minister

By Andrew Hill

Mr Antonio Di Pietro, the former anti-corruption magistrate, plans to join a future Italian government under Mr Romano Prodi, as minister of public works.

Mr Prodi, whose centre-left Olive Tree alliance won last month's elections, confirmed he had agreed to offer the former magistrate the post if, as expected, he is invited to form a government in the next few weeks.

Mr Di Pietro's decision, explained in a letter to Mr Prodi over the weekend, ends months of uncertainty about the political future of the for-

mer magistrate, consistently voted one of Italy's most popular personalities following his work in exposing the Tangentopoli ("Bribesville") corruption scandals.

He only became free to pursue his political ambitions shortly before the April 21 elections, when he was cleared of allegations that he abused his position as a magistrate, but it was not sure whether he would favour the right or the left. He decided not to stand for election and will serve as a "technical" minister.

Mr Fausto Bertinotti, leader of Reconstructed Communism (RC), the Marxist party on which the Olive Tree will



Antonio Di Pietro (left) in his role as anti-corruption magistrate on his way to question a fraud suspect in 1993

depend for its parliamentary majority, criticised the decision, saying it would bring "a corruption into the government".

Mr Di Pietro said the job as minister of public works would be "a natural continuation" of his work as an anti-corruption magistrate. Some of the worst cases of bribery were linked to public works contracts. His job will involve relaunching infrastructure projects, many of which were frozen to stem corruption.

European alliance set to wield sharper sword

By Bruce Clark in Brussels

Britain, a diehard defender of transatlantic defence ties, will be cast tomorrow in a new role, as host of a 27-nation conference on boosting Europe's capacity to assemble military missions without US participation.

This problem will move from the drawing board to real life if, as many observers expect, the west Europeans somehow have to fill the gap that will arise in December when the US-led force in Bosnia ends its assignment. But in public at

least, participants in tomorrow's meeting in Birmingham of the Western European Union will probably duck questions about particular conflicts and turn their attention to broader issues, such as how to give the WEU more teeth.

On paper, the WEU's 10 full members are bound by mutual defence obligations even tougher than those laid down by Nato's charter. Another 17 countries are linked to the North Americans do not wish to join.

A situation centre to monitor crises will be set up at the

Atlantic alliance. The few dozen people who work with Mr Jose Cutileiro, the WEU's Portuguese secretary-general, are no match for the huge information-gathering and planning machine that serves Nato, in a different part of Brussels.

But as WEU ministers will tell tomorrow's meeting, the Union can still play a substantial role as organiser of peacekeeping and humanitarian missions which the North Americans do not wish to join.

In practice, the WEU is dwarfed by the superior resources and firepower of the

WEU next month and the organisation will soon be responsible for a programme of military exercises and an annual defence planning conference.

The WEU's ability to co-ordinate missions will receive a further fillip today when Nato formally agrees to share certain documents and communications networks with the smaller body. France might in years past have criticised these moves as too modest and insisted the WEU be given real independence. But Paris has recently backed closer links between Nato and the WEU, in

line with its own rapprochement with the EU and the WEU. But Finland and Sweden, in a stance that could undermine the British argument, have recently signalled their keenness to take part in European-only peacekeeping missions. Ireland has laid out a similar but more cautious position.

While the WEU has some experience of ex-Yugoslavia – as sponsor of a police force in Mostar, and co-organiser of naval patrols in the Adriatic – Mr Cutileiro believes mounting a full-scale peacekeeping effort in Bosnia is beyond the group's capacity.

Spanish cabinet boasts record number of women, independents and former centrists



Spanish PM Jose Maria Aznar (left) is congratulated yesterday by King Juan Carlos after taking the oath of office



JAIME MAYOR OREJA: Interior minister is one of Spain's hardest jobs. Of the four people who served in the post during the Socialist administration, two resigned and another faces criminal charges over anti-terrorist tactics.

Mr Aznar has opted for a moderate who not only enjoys a reputation for tolerance but also – importantly – hails from the violence-plagued Basque country.

Mr Mayor Oreja, 44, has been the Popular party's leader in the region and played the chief role in negotiating parliamentary support for the new government from the Basque Nationalist party in spite of fierce electoral rivalry.

A nephew of Mr Marcelino Oreja, the Spanish European commissioner and former centrist foreign minister, he spent his early political career in the ranks of the now-defunct Union of the Democratic Centre (UCD), not joining the Popular party until 1989.

An agronomist by training, he stood last year as PP candidate for mayor of his home town of San Sebastian – replacing Mr Gregorio Ordóñez who had been murdered by the ETA separatist group – although he had no desire for the job. Pictures: Expansion



RODRIGO RATO: The nine-week interregnum since the general election has put the new government's economic supremo, firmly into centre-stage. As chief negotiator of a deal with Catalan nationalists, he has been even more in the limelight than his boss, Mr Jose Mari Aznar.

Now, as minister for the economy and finance, with the rank of deputy prime minister, the 47-year-old Mr Rato is the man in charge of getting Spain into the group of qualifiers for European monetary union, with the immediate job of tackling the state budget.

Having done much of the work of presenting the Popular party's plans abroad in the run-up to the election, he is already well known in international financial circles. One of the first friends Mr Aznar made in congress when he arrived in 1982, Mr Rato comes from a well-to-do business family. With a law degree and an MBA from the University of California in Berkeley, he entered politics only when he was 30, becoming an MP first for Cádiz and then for Madrid.

Party spokesman in congress since 1989, he has had a hand in all areas of policy. Pragmatic, serious, ironic and somewhat cold in appearance, he has earned respect both inside and outside the party.



ABEL MATUTES, 55, who takes over as foreign minister, has managed to remain one of the heavyweights of Spanish conservatism while staying outside the hurly-burly of national politics.

Favoured at one stage by the employers' lobby as party leader, he was dispatched instead to be one of Spain's European commissioners on accession in 1986.

He reappeared on the political scene two years ago to head the PPE's list of candidates for the European parliament election, its first nationwide electoral victory.

His Brussels experience has given him thorough knowledge not only of European Union affairs but also of those other priority areas of Spanish foreign policy, the Mediterranean and Latin America.

The sacrifice of giving up his Commission post in 1994 was mitigated by the fact that Mr Matutes is one of Spain's wealthiest people, with extensive interests in banking and tourism on the island of Ibiza. With degrees in law and economics and a brief career as a first-division footballer, he spent a period as mayor of Ibiza during the Franco regime, later founding a local liberal party and entering the senate and then congress.

Now 48, he joined Mr Fraga's party in 1976 soon after General Franco's death.

As engineer by training, he became a councillor in the northern industrial city of Gijón, the only rightwing on the council at the time. Elected to the senate in 1982 and later switching to the congress, he became the party's secretary-general in 1989, and was kept on by Mr Aznar.

Mr Alvarez-Casco is thought to have been rejected for the interior ministry but has kept a powerful foothold.



FRANCISCO ALVAREZ-CASCO: The habitual smirk on the rugged features of Mr Alvarez-Casco has become the symbol of the Popular party's more aggressive side. Reputedly one of the most fiery opponents of the previous government, he once described Mr Felipe Gonzalez, the former Socialist prime minister, as "rotten stuff that is good only for the garbage heap". Now he will play a largely

behind-the-scenes role as one of two deputy premiers and minister for the "presidency" or prime minister's office.

He has a reputation as authoritarian, outspoken, tough and hard-working, and was a disciple of Mr Manuel Praga, the former Spanish conservative leader, with whom he shares a keen interest in fishing.

Meanwhile, German unemployment figures due today are expected to show a drop in the number of those out of work to below 4m.

Frederick Stüdemann, Berlin

Tietmeyer hint on rates

Mr Hans Tietmeyer, Bundesbank president, hinted at the weekend there was room for further cuts in German interest rates. He said the Bundesbank's recent rate cuts had "expanded the possibilities for further interest rate moves in our securities business". But rate changes would be dependent on the development of the money supply, he added.

Mr Tietmeyer also reiterated the Bundesbank's formal commitment to European Monetary Union, which he said the bank supported "despite all suspicions to the contrary". But he added that the stability of a common currency was an essential condition for monetary union.

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Frederick Stüdemann, Berlin

Boost to sales of modems

The growing popularity of electronic mail, the Internet and consumer online services such as America On Line and CompuServe in Europe helped boost the sales of modems – devices that enable computers to communicate over ordinary telephone lines – by 86 per cent to 451m units last year, according to Dataquest, the market research firm.

However, tumbling modem prices meant that the value of modem shipments grew by a relatively modest 39 per cent to \$1.41bn.

The European market is dominated by US suppliers, including US Robotics, the market leader with over 31 per cent of the market in volume terms and total revenues of \$262m.

Paul Taylor, London

Austerity measures for Belgium

Belgium's cabinet agreed over the weekend on an extra Bf25bn (\$790m) worth of austerity measures as part of its effort to qualify for participation in a single European currency. Mr Herman De Rompuy, budget minister, said the measures included spending cuts and the tapping of "new sources of revenue" but not a rise in taxes.

Belgian media said the cabinet also intended to give itself the option of introducing further deficit-cutting moves, tentatively planned for 1997, as early as this August. The government would over the next few days draft a framework law that would make possible the imposition of further savings at short notice by royal decree. This option would be exercised if, as independent economists widely fear, the rate of growth in GDP falls below the government's projection of 1.5 per cent.

Bruce Clark, Brussels

Baltic nations hold summit

A meeting of Baltic Sea nation leaders at the weekend pledged support for efforts by Poland, Estonia, Latvia and Lithuania to join the European Union and urged the EU to conclude quickly a partnership and co-operation agreement with Russia.

The weekend summit in Visby, on the Swedish island of Gotland, brought together the heads of government of 10 Baltic region countries for the first time since the collapse of the Soviet Union.

The emphasis was on building economic and political relationships within the region, previously split by cold war divisions, although it avoided the issue of strong Russian opposition to the desire of Poland, Estonia, Latvia and Lithuania to join Nato.

Hugh Carnegy, Stockholm

Yeltsin met liberal presidential candidate for two hours to debate 'campaign ethics'

Yavlinsky discussed joint election bid

By Sander Thees in Moscow

Mr Grigory Yavlinsky, a liberal presidential candidate in next month's Russian election, yesterday revealed that he had been meeting secretly with two other candidates to discuss a joint bid.

Mr Yavlinsky, who is rated a distant third in opinion polls for the June 16 presidential election, confirmed in a newspaper interview yesterday that he had met with Gen Alexander Lebed and Mr Svyatoslav Fyodorov.

"We approached each other smoothly and very carefully," Mr Yavlinsky said. "We understood that our union is something unprecedented and we did not want its surprise appearance to scare voters."

Newspapers predicted that Mr Lebed, a former army general, and Mr Fyodorov, a famous surgeon, would drop their bids in favour of Mr Yavlinsky.

Polls indicate that none of the three stands a chance on his own, but together they could keep either Mr Gennady Zyuganov, the Communist frontrunner, or Mr Boris Yeltsin, the incumbent – both of whom are deeply unpopular with a majority of the electorate – out of a second and final round.

Beyond dislike of the main contenders, there is little that could unite the trio. Mr Lebed's campaign aides yesterday denied that their candidate would drop out in favour of Mr Yavlinsky.

The Interfax news agency reported that they had merely discussed campaign ethics. However newspapers speculated that the president could offer Mr Yavlinsky, a prominent economist, the post of

prime minister in a cabinet if he were to drop out of the race.

Mr Yeltsin also met with Mr Lebed last week, but the general said he had not been offered a post.

Mr Alexander Korzhakov, chief of the presidential security service and one of Mr Yeltsin's most influential advisers, yesterday joined growing calls in Moscow for postponement of the elections.

Mr Korzhakov said a victory for either Mr Yeltsin or Mr Zyuganov would spark violent protests from radical opposition groups. Mr Vladimir Zhuravsky, the ultra-nationalist candidate, yesterday countered that a delay in the vote would do just that.

Campaigning in Yaroslavl on

Friday, Mr Yeltsin overruled the objections of his finance minister to the president's pledge to allow factory directors to set aside 30 per cent of pre-tax revenues for wage payments and equipment purchases.

The finance ministry had just phased out the exemption, which had been widely abused for evading taxes rather than paying wage arrears.

Ministry experts estimated the exemption could cost the equivalent of \$8bn to \$1bn in lost tax revenues this year.

Mr Yeltsin has made a series of costly election campaign promises in recent months, sparking fears that he is sacrificing his tight budget policy to win votes.

July 15, 1996

NEWS: WORLD TRADE

EU's farm ministers split over free trade

By Caroline Southey in
Orta, southern Italy

EU agriculture ministers gathered in southern Italy yesterday to thrash out a common approach to Europe's policy on free trade areas (FTAs).

Over the next two days, farm ministers from the 15 EU member states and Mr Franz Fischler, the agriculture commissioner, will tackle the question of these free trade pacts, weighing up the threat to European agriculture against the advantages of greater trade liberalisation.

From the outset, the debate appears weighted against the EU Commission's current position - that free trade areas are

"economically beneficial, bolstering the EU's presence in dynamic economies and contributing to the overall process of liberalisation worldwide".

Only three member states have placed themselves firmly in the pro-FTA camp - Britain, Sweden and Denmark. While a few, such as Germany and the Netherlands, remain committed to the principle of trade liberalisation, most member states, particularly those in the south, range from sceptical to antagonistic.

The ministers' minds have been concentrated by the plethora of trade pacts entered into by the EU in recent years, and by tougher rules brought in under the World Trade

Organisation early last year.

The EU's appetite for FTAs has reflected a worldwide hunger for regional trade arrangements. According to the World Trade Organisation 26 FTAs have been agreed worldwide over the last 20 months, as many as agreed in the 47 years since the first multilateral trade round was completed. The EU alone has signed 23, many in the last five years.

But it has been the change in WTO rules that has caused the greatest consternation. Until early last year, the EU's agricultural sector was excluded from most free trade pacts, leaving farm products out of programmes to reduce or abolish duties.

The farm ministers know the writing is on the wall. WTO rules stipulate that a free trade zone is defined as "group of two or more customs territories in which the duties and other restrictive regulations .. are eliminated on substantially all the trade between the territories".

A paper prepared for the meeting by Italy, which holds the EU presidency, states that they should not be "misled by the fact that agriculture has hitherto been excluded from certain of the more problematic free trade agreements". The paper warns that "this exclusion can only be partial and temporary".

For Italy, the answer is a

policy on FTAs.

"The main problem is a lack of co-ordination among ministries in the member states," an EU official said. "While ministries of foreign affairs might be in favour of an FTA, it is not foreign office officials who have to go into rural areas to defend the policies."

Others also believe the Commission has been at fault, pointing out that most of the EU's FTA accords have been initiated by individual commissioners. "While their political motives might be laudable, the economic impact is often ignored," a trade official said.

Observer, Page 15

WORLD TRADE NEWS DIGEST

Investment in Vietnam drops

Foreign investment approvals in Vietnam in the first quarter of this year have plunged by about half compared with the same period a year ago, the semi-official weekly *Vietnam Investment Review* reported yesterday.

The newspaper said 87 projects worth \$1.2bn were licensed against last year's 134 projects worth \$2.6bn. Although approvals in the period were 17 per cent higher than in the last quarter of 1995, analysts said the year-on-year drop was one of the first statistical signs of a cooling in foreign interest in Vietnam. The fall was also a reflection of a slowdown in investment approvals in the months leading up to a landmark Communist party congress in June. Investors are increasingly complaining of lack of progress by the authorities in cutting red tape and curbing corruption.

Jeremy Grant, Hanoi

Thais plan Philippine oil venture

Thailand's state-owned oil company is to invest \$200m in new petroleum ventures in the Philippines. The Petroleum Authority of Thailand (PTT) will spend 75 per cent of the investment on a wholly owned retail oil business which aims to have 140 petrol stations in the Philippines by the year 2001.

PTT will also set up four export, import and distribution ventures with the US oil company, Coastal Corporation, based mostly around Subic Bay. The Thai concern said it planned to invest \$1.3bn (\$500m) in the region over the next six years. It is looking particularly at high-growth countries such as Vietnam, Burma, China and India.

With Thailand's energy needs expanding at more than 10 per cent a year, PTT plans to double its supply of natural gas within five years, according to a company official. In 1996 alone the country will be able to tap 20 per cent more natural gas than was consumed last year and by next year, offshore gas in the Gulf of Thailand is expected to yield at least 1,400m cubic feet per day.

William Barnes, Bangkok

KDD to join cable consortium

Members of the Flag (fibre optic link around the globe) submarine cable consortium are expected to approve within weeks the addition of KDD, the Japanese international telephone operator, as a landing party. The Flag management committee reached agreement to add KDD at its meeting last month in Beijing. KDD's Niinomiya landing station will become Flag's second landing point in Japan and will significantly enhance the cable system's capabilities.

When completed in 1997, Flag will be the longest man-made structure, stretching 28,000km from Foweyrino in Cornwall to Miura, and now Niinomiya, in Japan. It will be instrumental in bringing high-capacity telecommunications to areas including India, the Middle East and Africa which are currently short of capacity.

Alan Cane, London

Indian group to make seatbelts

US automotive-to-aerospace multinational AlliedSignal has formed a joint venture with India's JBM Group to produce seatbelts for the country's burgeoning car industry. The 50-50 venture will produce 1m seatbelts a year at a JBM metal stamping facility near New Delhi starting in September.

The belts will be supplied to North American, European and Asian vehicle producers also setting up operations in India. Mr Don DeFosset, president of AlliedSignal Safety Restraint Systems, said the plant could eventually supply air bags as well.

John Griffiths, London

Virgin's interest boosts 'super jumbo' prospects

By Michael Skapinker,
Aerospace Correspondent

Mr Richard Branson's Virgin Atlantic has become the third airline to express a strong interest in buying double-decker "super jumbo" aircraft capable of carrying more than 500 passengers.

Boeing of the US and Airbus Industrie, the European manufacturing consortium, plan to bring the aircraft into service early in the next century. British Airways and Singapore Airlines have already said they are likely to invest in super jumbos. Virgin's interest adds to the chances of one or both projects going ahead.

Boeing and Airbus are trying to line up potential customers

to justify the expense of developing the aircraft. Boeing wants to start work at the end of this year on the Boeing 747-600X, an extended version of its 400-seat 747-400.

Analysts estimate that developing such an aircraft would cost Boeing \$2bn. Airbus might have to spend \$3bn to \$12bn on developing a completely new aircraft, as its biggest existing model, the A330, carries only 335 passengers.

"We've said to both Boeing and Airbus that we're very interested. The bigger the plane the better," Mr Branson said. He needed the aircraft because of the difficulty in getting take-off and landing slots at London's Heathrow airport.

Boeing and Airbus are trying to line up potential customers

larger aircraft because of congestion at Heathrow. Mr Branson said an additional reason for Virgin to buy larger aircraft was to accommodate bigger on-board lounge areas and the popular massage services it offers on its Boeing 747s. He said Virgin now employs 160 masseuses, compared with only seven three years ago.

Mr Branson is also talking to Boeing about buying 747-400s and 777s, which carry up to 400 passengers, and to Airbus about purchasing A340s, which carry 295 passengers. He said he was also interested in Airbus' plans to build a "stretched" version of the A340, which would carry 375 passengers.

Mr Branson said that he had

in the meantime decided to expand the airline's services at London's Gatwick airport because of the lack of slots at Heathrow. The move represents a change of policy for Virgin which has spent years attempting to move from Gatwick to Heathrow. It first won the right to operate from

Heathrow in 1991 after a long struggle to obtain slots.

Mr Branson said he planned to begin daily flights from Gatwick to New York and Los Angeles next spring. These would be in addition to the airline's three daily flights to New York and its one flight a day to Los Angeles from Heathrow.

He said the Gatwick flight to New York could be justified on commercial grounds, as it would appeal to passengers living in the Gatwick area.

But he added: "With the two flights to LA, I think we'd be better off if they were both from Heathrow. But we don't have a choice."

The recording industry is particularly concerned that China has increased CD production capacity to least 150m a year, from only 5m in 1994.

The authorities, meanwhile, have failed to tackle the structures supporting piracy or to carry out a promised overhaul of enforcement agencies.

In addition to this overhaul and new training schemes for enforcement officials, the international recording

industry is calling for:

- Tougher laws against production of CDs that do not carry an international identification code;
- An end to restrictions on joint ventures with foreign record companies; and
- New laws allowing foreign companies to establish wholly owned production subsidiaries in China.

By Neil Buckley in Brussels

The problem of compact disc piracy in China is getting worse, more than a year after a global copyright pact was signed aimed at curbing the abuses, according to figures published at the weekend by the international recording industry body.

The report from the Brus-

sels-based International Federation of the Phonographic Industry, which has three offices in China, says that pirate production of CDs in 1995 rose 1.5 percentage points to 88 per cent of total estimated output of 40m units.

With China's domestic CD market at only 5m units, much of the production is exported.

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John Griffiths, London

S Africa violence puts poll in doubt

By Mark Ashurst
in Johannesburg

The South African cabinet meets today to decide whether local elections in KwaZulu-Natal will go ahead on May 29, after violence flared in Durban city centre over the weekend. Three policemen and at least 20 civilians were wounded as running gun battles erupted during a march by 6,000 hostel residents aligned to the Inkatha Freedom party.

KwaZulu-Natal premier Frank Mdlalose, a prominent Inkatha leader, condemned the march and denied any involvement by Inkatha.

The march was in protest at a ban imposed by the national government, dominated by the African National Congress, on the carrying of traditional Zulu weapons at public events.

Policemen spent AK-47 bullet shells and an unlicensed firearm from the scene.

Local elections were postponed last year due to administrative difficulties and continuing unrest.

Inkatha, which won 51 per cent of the vote in the April 1994 election, has threatened to withdraw from the government if they are postponed a second time.

An inquiry appointed by President Nelson Mandela to investigate the prospects for local elections reported last month that the level of political tolerance in the province had improved since 1994.

But violence has surged again, claiming 24 lives in one day last week in the wake of an attack on one of the wives of Zulu King Goodwill Zwelithini last month.

Mr Jacob Zuma, ANC leader in the province, has called for a further postponement after the discovery of electoral fraud in rural areas.

The latest violence will compound political uncertainty sparked by a deadlock between the ANC and minority parties over the final draft of the constitution, which is due to be ratified by parliament on Wednesday.

Inkatha has boycotted the drafting process since March 1995.

Algeria plans legislative election next year

By Roula Khalaf in London

Algeria plans to hold legislative elections early next year. President Liamine Zeroual said yesterday.

In his first press conference since his landslide victory in last November's elections, the president also said a national conference of the country's political forces would take place and that Algerians would be asked to vote in a referendum on amending the constitution.

Mr Zeroual's announcement followed a first round of dialogue with 100 political party leaders and figures from Algeria's war of liberation. He said he was not invited to the latest talks. Although presidential aides

have at times held secret talks with jailed leaders of the FIS, government officials now maintain the FIS can no longer speak with one voice and is therefore not a viable interlocutor.

Mr Zeroual is believed to be seeking legal changes to prevent religious parties like the FIS from taking part in next year's elections. Such amendments would erase the memory of the 1991 legislative poll won by the FIS and then cancelled by the government, provoking the current violence.

Last month Mr Zeroual did invite opposition parties to the first round of talks although they had joined the FIS last year in calling for a boycott of

the presidential elections. The president said yesterday that the April discussions had raised hopes of more widespread participation in the legislative elections.

The president also said the government had made significant progress in its fight against Islamic militants. But his statements followed a security forces announcement that a former interior minister had been gunned down in Algiers on Saturday, in an attack blamed on Islamic extremists.

Algerian newspapers also reported yesterday that two people had been killed and 14 injured when a bomb exploded at a bus stop in Tizi-Ouzou in north-eastern Algeria.

Zeroual: seeking legal means to exclude Islamists from poll

Israel-PLO talks enter final, tortuous phase

By Julian Ozanne in Taba

Israel and the Palestine Liberation Organisation yesterday reached another landmark in the search for lasting peace between Arab and Jew with the start of negotiations towards a permanent peace settlement.

Although the opening of the "final status" talks in the Egyptian Red Sea resort of Taba was largely ceremonial, it signalled the commitment of both sides to press ahead with the peace process despite problems and tensions.

The talks also mark the half-way point of the Israeli-Palestinian peace process since the two sides first signed a declaration of principles in September 1993.

Since then, Israel has withdrawn from large parts of the Gaza Strip and the West Bank, allowing Palestinian police to take over from Israeli soldiers, and the Palestinians have held their first democratic elections in the Palestinian homeland.

But these stages of the process have been interim agreements intended to build confidence between the two sides. Yesterday Israel and the PLO embarked on the long and difficult road to negotiate a final agreement to resolve Israel's conflicts with its Arab neighbours.

Issues, including final borders, statehood, the future of Jerusalem, the right of return of hundreds of thousands of Palestinian refugees and what to do with the Jewish settlements in Palestinian lands, final status talks are due to last not more than three years by which time both sides will agree a permanent peace covering all outstanding Israeli-Palestinian conflicts - which have been at the heart of Middle East tensions for almost a century.

We are talking of burying once and for all the 100-year conflict between us and the Palestinians and starting a new chapter of peaceful co-existence, security and mutual respect," said Mr Uri Savir, chief Israeli negotiator.

The fact that both sides met the May 5 deadline for beginning the talks is important for the domestic political standing of both Mr Arafat and Israeli prime minister Mr Shimon Peres.

Mr Arafat needs to continue to demonstrate that despite all the compromises he has been forced to make, the process is still edging forward. Mr Peres, who faces a tough battle for re-election on May 29, needs to show the Israeli electorate that the peace talks are the only practical way to resolve Israel's conflicts with its Arab neighbours.

However, support for continuing the search for peace remains high, with polls showing consistently that about two-thirds of both Israelis and Palestinians want their leaders to complete the process.

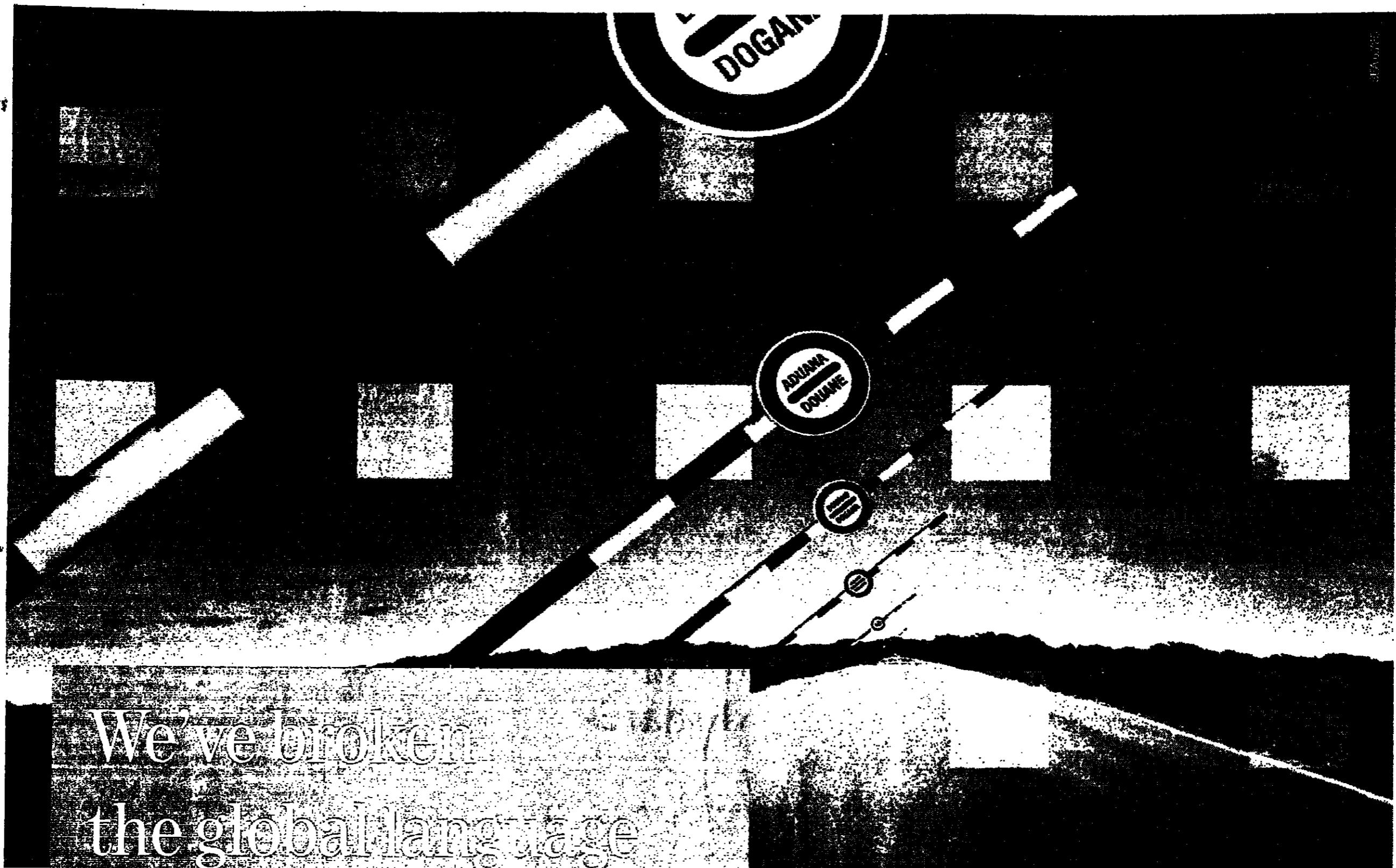
reinforcements to its border patrol, rather than more immigrants heading north.

"We cannot avoid being neighbours, so we must search for a common approach to the migration phenomenon," says Mr Juan Rebollo, under-secretary of the Foreign Ministry. "While one side sees it as a menace, and the other as an escape valve, we will get nowhere."

Mr Rebollo said Mexico was studying the guest-worker programme implemented in Europe for possible application within Nafta. But he acknowledged that the surge in anti-immigrant feeling in the US made it difficult to "open new spaces for negotiation".

The Mexican government has also been stung by accusations that it is not doing enough to stem the laundering of drug profits through its banking system.

The Mexican parliament has passed a new law which makes money laundering a criminal offence. Banks and foreign exchange houses will now be required to report suspicious transactions to Mexico's banking authorities.



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NEWS: UK

Internet provider to launch censorship

By James Mackintosh
in London

Unipalm Pipex, the biggest provider of Internet access to British businesses, has acceded to government calls for voluntary censorship in a significant boost to ministerial attempts to restrict access to electronic pornography.

Pipex is to block much of the worst child pornography from subscribers and will also be supplying new software to allow companies to limit the parts of the Internet - the which are

international computer network - accessible by staff.

The decision is likely to have far-reaching implications for the Internet in Britain because Mr Peter Dawe, managing director of Pipex, is also political officer of the Internet Service Providers' Association, the body negotiating a voluntary code of conduct with the government.

Until recently Mr Dawe was opposed to any form of censorship. But he has now decided to stop supplying discussion groups - the which are

devoted to pictures of young children.

The software package will allow subscribers to block parts of the Internet considered unsuitable, making them accessible only with a password. As a result, parents will be able to control which parts of the Internet are available to children, and managers to ensure staff are not breaking the law. However, Mr Dawe emphasised the impossibility of completely blocking offensive parts of the Internet.

Pipex - the UK arm of

UUNet of the US - does not expect a backlash from users over the censorship. Mr Dawe said he was sure Pipex's corporate users "would be horrified" at what is available on the Internet. He said that if pornographic pictures were found on office computers, companies could be open to prosecution.

Cambridge-based Pipex, which claims more than 80 per cent of the UK's corporate Internet users, selected which news groups to block after seeking the advice of police at Scotland Yard in London. The

Obscene Publications Squad confirmed that child pornography on the Internet had already become a serious problem. "The majority of the people we deal with have used news groups," he said. Child pornography had become available to people who a few years ago would not have known how to find it.

The approach Pipex has taken fits with the government's preferred option of a voluntary code of conduct for Internet providers, leaving censorship matters to users.

Kitagawa to spend \$6.8m on expansion

By Peter Marsh
in London

Kitagawa, of Japan, one of the world's biggest makers of specialised handling systems for machine tools, is stepping up its UK manufacturing operations. The costs of the £4.5m (\$6.8m) expansion project are being contributed jointly by the Japanese company and its European partner, Mr Tertius Threlpland, a UK machine tool expert.

Both have a 50 per cent stake in Kitagawa Europe, which makes specialised chucks and related handling equipment for computerised lathes. It has a factory in the south-west England city of Salisbury. The plant makes products for machine tool builders and factories already operating tools.

The investment is another sign of the better prospects for the UK machine tool industry, which is in a healthy phase after severe difficulties in the early 1990s.

The two partners in the Salisbury venture have spent £2.5m in the past year doubling the plant's annual output to an expected £5m this year. Mr Threlpland, who is chairman of Kitagawa Europe, said the company was likely to spend a further £2m in the next two to three years on new machinery to lift production further.

Roughly half the value of the products from the Salisbury operations are exports. "I'm cautiously optimistic," Mr Threlpland said. "The market looks set fair for the next couple of years."

Kitagawa's programme underlines the strong Japanese interest in the UK machine tool industry. Amada, the Japanese company that is the world's biggest machine tool maker, is considering a UK plant.

Yamazaki Mazak, also of Japan, and the world's second biggest tool producer, is expanding its British factory, and Matsura, another Japanese machine toolmaker, is setting up a new plant near Leicester in the English Midlands. It employs 60 people.

UK NEWS DIGEST

Chinese equity listings sought

Executives from the London Stock Exchange and some of its biggest member companies are heading to Beijing this month in a bid to persuade Chinese companies to list their securities in London. Mr Ian Salter, the exchange's deputy chairman, will host a seminar to explain the procedures and requirements for a listing, and how to make a Chinese company attractive to international investors.

London's ability to win secondary listings from companies in the industrialised world has declined since the 1980s as domestic equity markets in Europe have modernised and in some cases outperformed London. But London Stock Exchange officials believe that their market can still grow by seeking listings from emerging markets such as China.

In 1994 the exchange launched global depositary receipts, negotiable certificates which can sometimes be easier for international investors to trade and settle than the shares. Exchange officials say a London listing can be useful for companies which have outgrown their local market's ability to provide capital.

Companies from countries such as India, South Korea, Taiwan and Indonesia raised £3.5bn (\$5.28bn) through issues of depositary receipts last year. Stock Exchange brokers taking part in the Beijing jaunt include BZW, Robert Fleming, HSBC, Kleinwort Benson, NatWest Securities and SBC Warburg.

George Graham, London

Bank governor wary over Emu

The debate on European monetary union will re-ignite this week with sceptical comments on the proposed single European currency by Mr Eddie George, governor of the Bank of England (the UK central bank). He is likely to re-affirm his extreme caution in evidence to the House of Commons Treasury committee on Wednesday.

Mr George is expected to say that Britain has a good chance of proceeding to a low-inflation economy with relatively stable interest rates even if it fails to join other countries in a single currency and a single European central bank around the end of this decade.

Also on Wednesday, Mr George will meet Mr Kenneth Clarke, the chancellor of the exchequer, for their regular monthly discussion on monetary policy. The consensus among City economists is that Mr Clarke is unlikely to sanction a further cut in base bank rates, from 6 per cent, even though signs have emerged in recent weeks that economic activity is weakening, particularly in manufacturing. Peter Marsh, London

BSE may overshadow trade talks

European Union farm ministers gathered in Orlando, Italy, yesterday to discuss fears that new free trade pacts would ruin EU farmers, but their talks are likely to be overshadowed by the bovine spongiform encephalopathy crisis. Diplomats said Italy, which currently holds the rotating EU presidency, and other southern member states fear their farmers will be unable to survive the shock of opening markets to cheap farm imports from Mediterranean and eastern European countries.

But during three days of informal talks in the southern Italian seaside resort, British agriculture minister Mr Douglas Hogg was set to lobby discreetly to relax a worldwide ban imposed on British beef exports on March 27.

PA News

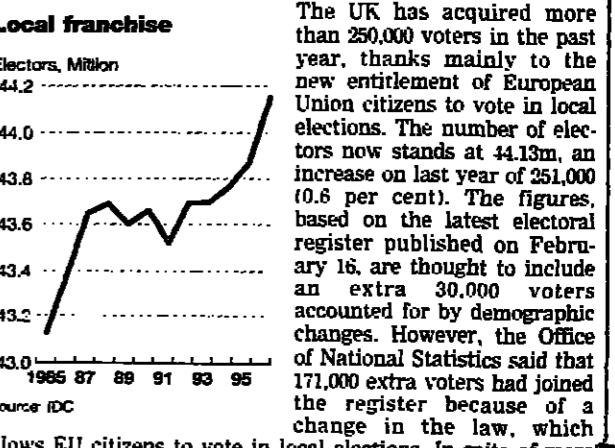
Lawyers complain of bullying

High flying lawyers complain of intolerable stress and bullying at work in a survey published in *The Lawyer* magazine today. The survey of 700 solicitors shows that more than 80 per cent are looking around for new jobs. Nine out of 10 say they suffer from stress and nearly a third see themselves as highly stressed - with the vast majority saying their personal lives had been hit by work.

A quarter of the solicitors who responded to the survey said the volume of work they were expected to do stopped them from taking their full entitlement of holiday. The study shows that 85 per cent believe that their profession had declined in standing in the public eye and that solicitors should be monitored and controlled by independent outsiders instead of The Law Society.

Extra voters join register

Local franchise



The UK has acquired more than 250,000 voters in the past year, thanks mainly to the new entitlement of European Union citizens to vote in local elections. The number of electors now stands at 44.13m, an increase on last year of 261,000 (0.6 per cent). The figures, based on the latest electoral register published on February 16, are thought to include an extra 30,000 voters accounted for by demographic changes. However, the Office of National Statistics said that 171,000 extra voters had joined the register because of a change in the law, which allows EU citizens to vote in local elections. In spite of more people being eligible to vote, there is little evidence of a growing enthusiasm among electors to exercise their rights in local elections. Municipal elections across England last week attracted little interest, with a turnout of about 30 per cent common in many areas.

George Parker, Westminster

Split over Europe 'must be buried'

By James Blitz
at Westminster

National Westminster Bank yesterday played down suggestions by the opposition Labour party that it was advising clients not to invest in the privatisation of Railtrack, the railway network operator.

Ms Clare Short, the party's shadow transport secretary, issued the text of a letter from a NatWest financial adviser to a client advising against applying for Railtrack shares because of the political risk involved in the issue.

But NatWest said that the letter had been addressed to selected customers with special regard for their particular needs and attitudes to risk.

"Our general view of the Railtrack offer is that it is likely to be realistically priced and could go well," the bank said. "The dividends payable in the early years are attractive to investors, accepting there are political risks."

The row highlights the sensitivity of the Railtrack issue for many banks, especially those such as NatWest which have hired high-ranking members of the governing Conservative party. Mr Douglas Hurd, who retired last year as foreign secretary, is a director of the bank and vice-chairman of NatWest Markets, its investment banking subsidiary. The government's flotation price values Railtrack at between £1.75bn (\$2.44bn) and £1.95bn.

An analysis of the Railtrack privatisation by NatWest Markets last month picked out political risk as "the single most important element in the final valuation of the company at flotation... This is an industry which receives approaching £2bn of government subsidy per annum, unique in a privatised utility. Railtrack's profit and dividend streams are ultimately dependent on that subsidy, which is itself the subject of intense political debate, both as to size and method of delivery."

It employs 60 people.

Soccer win will lift club's exports

By Simon Kuper in London

Manchester United clinched English soccer's Premier League title yesterday, raising the prospect of millions of pounds in extra income for the publicly quoted club.

Manchester won 3-0 at Middlesbrough while Newcastle United, the only other championship contender, drew 1-1 at home to Tottenham Hotspur.

"The club's future is in export," said Mr Alex Fynn, a marketing consultant to several large British football clubs. "The club has spent only £590,000 (\$800,300) on players in the past year - less than any other English Premier League side.

As a result of yesterday's win, Manchester United can hope to earn between £25m and £31m in TV rights, gate receipts, prize money and advertising next season from the European Champions League, the continental mainland's most lucrative club competition.

Champions League games

will increase the club's fame outside Britain, helping it export more merchandise - ranging from shirts to branded English soccer policies - especially to the far east and south-east Asia, where English soccer is extremely popular. Some of the Manchester United Premium Blend whisky launched last month has been sold to Thailand.

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Champions

MANAGEMENT

Christopher Brown-Humes reports on efforts by a small Swedish textile manufacturer to transform a former Soviet monolith

David and Goliath in Estonia



Say the word Narva to a Swede and he will recall one of his country's most famous military victories on the site of this Estonian city in 1700. A Swedish contingent of 10,000 soldiers routed a Russian army four times its size, maintaining Swedish ascendancy in the Baltic area for years to come.

Today the Swedes are back in Narva and once again David is taking on Goliath. Boras Wäveri, a small textile manufacturer from central Sweden, has taken over Kreenholm Holding, Estonia's biggest industrial group and one of the largest textile plants in Europe. It is the most ambitious sell-off yet in the Estonian government's fledgling privatisation programme and one of the biggest foreign investments in the country since independence from the former Soviet Union in 1991. "It is very visible. Failure would hurt enormously," says a banker in Tallinn, the Estonian capital.

It is a sensitive sale because ethnic Russians, who feel a down-trodden minority in Estonia, account for 65 per cent of Narva's population. There are fears that an intensifying stream of job losses at the plant, Narva's biggest employer, could provoke social unrest because other employment opportunities are limited.

Like the Swedish king 300 years before him, Lars Mauritzon, Boras Wäveri's chief executive and main owner, is hoping that tactics will carry the day as he struggles to transform Kreenholm from an inefficient Soviet monolith into a lean and competitive actor on world markets.

At its peak in the late 1980s, Kreenholm employed 12,000 people and produced around 220m sq m of fabric a year – 10 times as much as Boras Wäveri. A remote Soviet ministry in Moscow, Kreenholm's only customer, set annual production targets and arranged investments. Factory managers never had to worry about turnover, wage costs, raw material prices or marketing.

The shift over the past four years – and particularly since Boras took control in January 1995 – has been dramatic. Management has been immersed in the ways of the market. Productivity has increased. Some 90 per cent of output is now exported, mainly to the US and Nordic markets. Not a single thread goes to Russia because of punitive import duties.

But the transformation has brought plenty of difficulties: from raising working capital at the outset to overcoming disruptions to cotton supplies and combating crime. These are a reminder that alongside vast business opportunities in the east, there can also be significant problems.

Mauritzon says that when he first saw Kreenholm in 1993, he was daunted by its sheer size – 116 buildings spread over 800,000 sq m – and by the political sensitivities of operating in Narva. "If you were looking for difficulties, it was very easy to find them," he says.

But the plant was just what Boras wanted. Equipment and machinery were reasonably modern. Technical quality was high. Costs were very low. Above all, Boras had a chance to use 125 years of textiles experience to re-enter market segments which high Swedish costs

had earlier forced it to abandon.

"Huge it may have been, but I could immediately see the potential," says Mauritzon.

The deal, negotiated with the Estonian Privatisation Agency, had to be based on fixed assets and inventory in the absence of a proper balance sheet. Boras took 75.5 per cent of a new company, Kreenholm Holding, and the Estonian state the balance. The price was \$10.5m (£8.9m) for the fixed assets and almost \$20m for the receivables. But Boras's own risk was limited to \$2m in equity.

Boras wanted the Estonian state involved because, says Mauritzon, "we were sensitive about our role as a western capitalist buying Estonia's biggest industry". Only two main conditions were imposed on the Swedish company: that staff numbers – then 5,600 – should not fall below 3,000 for three years, and that \$1.5m should be invested in the plant over the same period.

The Estonian state provided a credit for the purchase, offering Boras a 10-year loan at 6.4 per cent interest, with a three-year holiday on capital repayments. All Boras needed was \$3m in working capital – hardly a large sum given the size of the overall project. But this proved the hardest part of the operation.

Boras first turned to the London-based European Bank for Reconstruction and Development (EBRD). Mauritzon says talks soon became bogged down because the EBRD wanted more detailed budget forecasts and marketing information than Boras felt was realistic at so early a stage. Negotiations collapsed after six months.

The company then turned to a consortium of Nordic banks, comprising Sweden's Swedfund International, the Helsinki-based Nordic Investment Bank and the Estonian Investment Bank. Again, Boras found it hard to come up with the detailed projections and management plans the banks were after. These talks also ended in failure. The finance was eventually put up by a Swedish factoring company, financed by Skandinaviska Enskilda Banken, one of Sweden's leading commercial banks.

Mauritzon remains sore about the financing difficulties, but accepts there was a clash between his industrialist way of thinking and the banks' financial mentality.

Part of the problem was that Boras was negotiating a financing facility before its management strategy had fully evolved. "The banks felt stronger management support was going to be needed on the spot," says the Tallinn banker.

Mauritzon says changing the mentality of Kreenholm management was Boras's top priority. "The attitude was, 'customers have to buy what we produce', he says.

The first step was to split the group into a mother company and six subsidiaries. This immediately provided internal competition: for example, the company's weaving unit can now buy yarn outside the company if it is cheaper than material from the spinning unit. "We had to get the cold steel and cold blood from the market as deep as possible into the company," says Mauritzon.

In two other moves, Boras appointed a 38-year-old Estonian national from another textile company as managing director – replacing an ethnic Russian in the post – and brought in an Estonian finance director. Since the latter's appointment, the company has fully moved over to western-style accounting.

The Swedes have taken a relatively hands-off approach, and no Swedish managers have full-time positions in Narva. Partly this reflects the difficulties of getting westerners to move to Narva, a grim former Soviet military base on the border with Russia. Partly, says Mauritzon, it was deliberate policy. "The Kreenholm managers have to take their own responsibility."

We are merely mentors to them."

Mauritzon stresses the high technical quality of Kreenholm's middle management, but says their lack of market orientation has been a significant handicap. To correct this, management training courses have been run by Mercury International, an Estonian group, over the last year, and many managers have had intensive English tuition.

Alongside this overhaul, Kreenholm has worked actively to broaden its product range and improve delivery.

It has also set up a marketing company in Estonia, a sales company in Sweden and established links with agencies in many other countries. Mauritzon says Kreenholm is marketed more as a European company than an Estonian one. "Estonia still gives people the impression of cheap, bad quality goods with uncertain deliveries," he says. Stores such as IKEA, the giant Swedish retailer, have become customers.

Job cuts have been the most sensitive issue. Staff numbers have already fallen from 5,600 to 5,000 over the last year, and a further 1,000 job losses are expected over the next 12 months in a drive to lift productivity by 20 per cent. Mauritzon says the factory still employs a lot of "service" staff as a hangover

from all these foster dependency. Probably Noer is right. If you make people's jobs unpleasant enough they are not going to be particularly upset when they are fired.

Furthermore, if you cut all these benefits you can afford the money to send all your managers on Noer's course. It costs \$2,900 (£1,920) for five days.

Did you know that only 3 per cent of people approve of couples with young children who both work full time? This statistic appeared in an article by rightwing economist Patricia Morgan in the latest Prospect magazine.

I have no idea whether the figure is right or not, or who these "people" are. But I am fed up with this and all other surveys that purport to show what women want or what other people think they should be doing.

A few weeks ago an academic at the LSE dared to publish research

from the Soviet days of full employment – people such as lift operators, for example.

But in a city where unemployment could already be running at 20 per cent, there are fears of a backlash. In February, a prominent ethnic Russian warned of Russians rioting in Narva's streets, and of possible Russian intervention if Estonian troops were sent to quell them.

Mauritzon is dismissive of such gloom. He says he has detected no signs of ethnic tensions in the factory. Greater problems, by far, have been criminality (with whole lorries of fabric being stolen in the past) and severe disruptions, early last year, to the company's cotton supplies from central Asia.

Despite these difficulties, Kreenholm made a modest SKr3.5m (£343,000) profit last year on turnover of SKr440m – and hence contributed to the broader upturn in Boras's performance where 1995 profits tripled to SKr39.3m on a 70 per cent jump in turnover to SKr1.28bn.

Kreenholm aims to lift turnover this year by 20 per cent, but Mauritzon is reluctant to disclose other financial targets, such as return on capital. He stresses that Kreenholm is not competing with Boras, which has a much more exclusive range and, in many cases, different sales outlets. "Kreenholm's competitors are Pakistan, India, Malaysia, Lithuania and some factories in Russia," he says.

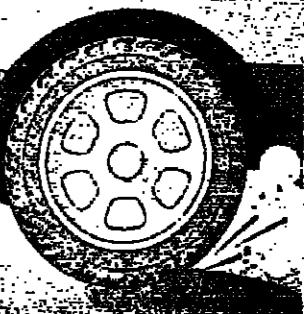
Kreenholm has started well under Boras control. But there is a long way to go. Productivity lags far behind western levels. It still takes eight times as long for Estonian textile workers to produce a kilo of yarn as it does for the group's Swedish workers. Quality can also be improved.

Björn Sellen, a Swedish home textile manufacturer, was a customer of Kreenholm before the Boras takeover and has since increased its business with the Estonia factory. "Delivery times have certainly improved," says Sven-Ove Finnard, the group's sales manager, although he says they are still subject to disruption when Kreenholm has problems with its own raw material supplies. Quality, on the other hand, has shown no improvement. Sellen has sometimes been frustrated by the time it has taken for Kreenholm to produce the right colours for its designs. "But we certainly get the feeling they are on the right way," says Finnard.

The factory retains a vast cost advantage in the form of low wages. An average Estonian textile worker earns just \$1.5 per hour, less than a tenth of Swedish levels. Boras is determined that even if inflation drives up wages, overall costs per unit will not increase.

Mauritzon does not claim the western takeover has boosted living standards for Kreenholm's workers nor improved their morale. "The managers who are closest to this feel more and more motivated. But for the workers it is different. Many of these people feel it was better in the old times. They feel safe. Today they don't feel as safe any more," he says.

He still feels the workers will be better off in the long term, and has no doubts about the wisdom of his purchase. He is looking forward to proving the bankers who doubted him wrong.



FAST TRACK

GMV

Juan José Martínez-García has brought the front-edge technology of the European Space Operation Centre near Frankfurt to the police department of a dormitory town outside Madrid. A former senior mathematician at the centre, his principle is that if you can track an object in the upper atmosphere you can keep tabs on everything that moves at ground level.

Now a professor of flight dynamics at Madrid University's school of aeronautical engineering, Martínez-García has applied the lessons he learnt at the European Space Agency to GMV, a business he created in 1984 with Pta500,000 (£2,500) and five of his students.

"I became convinced that there were specific areas where investment consisted of putting brain power together, not cash," he says. One of his company's assets is the competence it has acquired in Global Positioning System (GPS) technology.

GMV reported a turnover of Pta1.3bn last year and employs some 80 engineers.

Headquartered at a greenfield site half an hour's drive from Madrid, GMV uses the adjoining new town, Tres Cantos, as a

showcase for some of its products.

Martínez-García has supplied GPS equipment, developed by a unit called GMV Systems, to the town's police patrol cars and ambulances. The equipment permits real-time monitoring of the exact location of the vehicles and guides them along the fastest route to where they are.

The company's core business is in space flight dynamics and in satellite guidance and navigation systems.

Martínez-García says GMV is "certainly the leader in Spain and possibly in Europe" in GPS research and application: his long association with the European Space Agency ensures GMV's ability to compete as a specialist supplier to the ESA.

GMV Systems was created to "spread the risk" of the niche activity by bringing its mission analysis dexterity down to the mundane level of recognisable everyday life. Martínez-García, who has grafted entrepreneurial expertise on to his scientific skills, talks about "a huge, incipient market".

Recently he sold a GPS application to Seur, a parcel delivery service, which monitors the movements of the company's vans. He also has a GPS product line designed for buses that, after factoring in traffic jams and other variables, will inform expectant passengers, via panels set up at bus stops, when their bus will arrive.

Yet another GPS application is a finder for stolen vehicles – a box, the size of a cigarette packet, which is concealed in a car and could be developed commercially by insurance companies.

Martínez-García, GMV's owner and chief executive, is determined to remain independent and believes the company's profits are sufficient to finance an acceptable pace of growth. "If you gobble, you get indigestion," he says. In addition to its space sector profits, it has tapped a steady income source by developing "firewall" software protecting Internet systems.

He expects GMV to grow by 20 per cent a year and to have doubled its business over the next five years. "There is a real explosion in the GPS business."

Tom Burns

Cedric: damned and be published



Lucy Kellaway

I am greatly looking forward to *Cedric* – the book. At his final public appearance as Britain's most hated man, Cedric hinted that he was saving his best thoughts for a possible autobiography.

I do hope he gets round to writing it. His display at last week's British Gas annual meeting showed this much-maligned figure to be someone of dignity, whose story deserves an airing.

Few businessmen have been subjected to such prolonged and repeated public floggings. They have no training for it, and I suspect few would weather it as well as he has. Instead of doing a Sir Richard Greenbury and lashing out against the press (which would have just made him look petulant), Cedric said mildly that yes, the attacks had hurt. "If you are a human being it is going to. But you learn to cope with it and learn a lot about yourself."

His tale will surely be rich in human drama – with its sorry effect

on his self-esteem, career, family and social life. The only thing that gives me pause was his remark that the last two *ann horribiles* should be seen in the context of his 43-year career.

If I were his literary agent, I

would advise him to go light on the early days. There is a limit to how much the public wants to know about the life of a young lab assistant. In fact, if I were his agent I

might see if I could interest a first-rate ghost writer or, better still, a playwright in the story. *Cedric* could make a great David Hare play: it is a pity that Dennis Potter is no longer alive – he was a master at dealing with paranoia, greed and late mid-life crises in males.

I can just see Cedric dubbed over singing *Smoko Gets In Your Eyes, or Money Makes the World Go Round*.

One of the problems with laying people off is how to motivate those who are left behind. Recent figures

from the American Management Association show that firing half the workforce may do nothing for productivity, while there are fewer people doing the same amount of work, they do less effectively because their morale is so low. The two effects cancel each other out.

In the US they call this "lay-off survivor sickness", and there are countless management courses to combat it. One such is "Individual and Organisational Healing" at the Centre for Creative Leadership in North Carolina.

According to David Noer, who

runs the centre, the trick is to facilitate grieving. Writing in this

month's *Harper's* magazine, he recommends getting survivors into groups to vent their feelings and to organise a wake, with candles and music. He also says it is essential to "break the co-determinacy chain", whatever that might be.

His most radical answer is to redesign the relationship between organisations and workers so that firing people would become a cause for celebration rather than lament. In the new age of flexible working he says that there should be no more perks for employees: no staff picnics, no share option schemes, no cut-price membership at the local gym. Apparently all these foster dependency.

Probably Noer is right. If you make people's jobs unpleasant enough they are not going to be particularly upset when they are fired.

Furthermore, if you cut all these benefits you can afford the money to send all your managers on Noer's course. It costs \$2,900 (£1,920) for five days.

Did you know that only 3 per cent of people approve of couples with young children who both work full time? This statistic appeared in an article by rightwing economist Patricia Morgan in the latest Prospect magazine.

I have no idea whether the figure is right or not, or who these "people" are. But I am fed up with this and all other surveys that purport to show what women want or what other people think they should be doing.

A few weeks ago an academic at the LSE dared to publish research

showing that women really prefer staying at home, whereupon all hell broke out. Her feminist colleagues jumped on her and insisted that, on the contrary, women want to work.

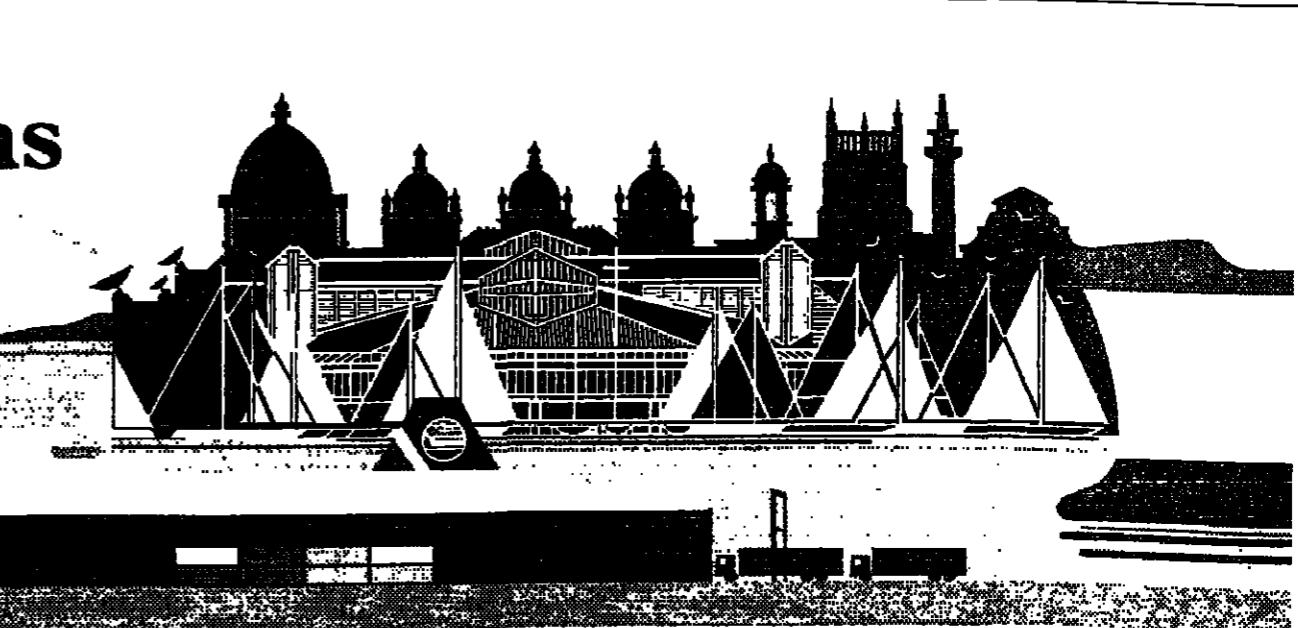
The truth of the matter is quite simple. Some women want to work. Some women do not. But what all women want is to stop being made to feel guilty for whichever option they take, and be left to get on with it, whatever it may be.

Persil is a soap powder. It is not a "flagship". Neither is it a jewel in anybody's crown. No, it is just a big-selling soap powder. Of all the horrible bits of marketing jargon, about "positioning" and so forth, it is the flagships and jewels that irritate me most. I realise this is a losing battle, but I would like to suggest an alternative. The products, stores and assets that are called by this dreaded f-word could be described as "best-selling" or "best-known", as they always used to be.

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FINANCIAL TIMES

COMPANIES & MARKETS

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LEGAL DEFINITIONS
 commission as in European 1 what
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 be at the throat of (see *Eurosceptics*)
 3 fee paid to an agent, see **ROWE & MAW**:
 asap (ph 0171-248 4282)

Rowe & Maw
 LAWYERS FOR BUSINESS

Bourses to launch new junior market

By Christopher Price in London

Competition from European exchanges for the attention of UK companies and investors is set to increase following an agreement between the Paris, Frankfurt and Brussels bourses to co-operate on the launch of a pan-European market for smaller companies.

The announcement comes as preparations are made for the launch of Easdaq, a European version of the US Nasdaq market and also aimed at smaller companies, reach an advanced stage.

The latest venture, to be called Euro NM, is being coordinated by the Le Nouveau Marché - (a subsidiary of the Paris bourse which started operating in February and has attracted just three companies, although it said six applications are pending).

The new French market has linked up with the Neue Markt, which is being planned by the Frankfurt exchange, and a similar version from the Brussels Stock Exchange, to form Euro NM.

Based in Brussels, Euro NM will co-ordinate the setting up and promoting of a European network of markets for fast-growing young companies.

Le Nouveau Marché and Deutsche Bourse, owner of Neuer Markt, said although the new exchanges would be initially aimed at the domestic market, they eventually wanted to attract UK companies. UK investors would be targeted at an early stage.

"We are sure UK fund managers would be very interested in the small company market in Germany, France and other member countries which could eventually join," said Le Nouveau Marché.

Meanwhile, Easdaq confirmed it was on schedule to launch in September. Around 20 companies are likely to be trading in the first few weeks.

In the UK, the launch last June of the Alternative Investment Market by the London Stock Exchange, and Oxfex, by a marketmaking firm, has revitalised the market for small company floatations.

While the new markets are likely to provide interesting investment opportunities, doubts remain over whether the funds of the membership is available for interest to be sustained.

UK utility plans Australian bid

National Power has confirmed it is considering making a joint bid for the brown coal-fired Hazelwood power station in Victoria, Australia. It would make an A\$1.6bn (US\$1.25bn) bid this summer with Pacificorp, the US utility.

National Power said this was one of several options for international expansion it was considering. Other overseas developments being considered include establishing a power station at a greenfield site in Turkey and developing two more generating projects in China.

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AGF sale brings pledge from chairman

By David Owen and Andrew Jack in Paris

Analysts predict privatisation of French insurer could yield FF10bn as head promises to cut outside interests

were under way for the sale of most of the state's 57 per cent stake in AGF, in France's first large privatisation of one of the largest French insurers.

The AGF chairman said he would be "cut my participations" in other French companies. He has 13 French directorships on corporate governance said his directors should sit on no more than five boards.

His pledge came as preparations

dropped FF2.50 on Friday in the falling Paris market to FF13.50.

A pre-placement period will start today, allowing potential investors to register their interest in buying shares. About 17m shares will be offered to the general public, with 35m for institutional investors and between 6m and 7m for the group's employees, who will receive preferential terms.

AGF said on Friday that, of its other big shareholders, Société Générale, the banking group, intended to raise its stake in the company from 3.5 per cent to 5 per cent, while Paribas, another French bank, would increase its holding from 1.5 per cent to 2.5 per cent. Aachen and Münchner, the German insurer, would retain a 5 per cent holding in the company.

In addition, the Swiss groups Swiss Re and Crédit Suisse Holding, Athéna

Assurance of France and INA of Italy all intended to become shareholders because of their "technical, commercial and financial relations with AGF."

Mr Jeancourt-Galignani said that AGF had attempted to limit the number of large shareholders with a stake in the privatised group.

He added that both Rhône-Poulenc, the chemicals and drugs group, and Schneider, the electrical equipment maker, had been interested in taking holdings. "We said no - we want to be free to manage in the interests of our policyholders," he said.

Reshaped AGF set for privatisation, Page 18

US pulp producers hope price rises will heal wounds caused by savage cuts

Crumpled paper groups try to straighten out

Battered pulp and paper producers are starting to poke their heads above the parapet after a brutal nine-month pounding that has left them bruised and dazed.

Over the past few weeks, several US pulp producers have announced price increases to take effect on June 1, with most grades going up by \$50 a tonne to \$450-\$480 a tonne.

The producers hope that these rises will begin to heal some of the wounds caused by the price-cutting war which at the end of last summer halted the soaring markets of 1994 and early 1995.

For wood pulp, which has a reputation as one of the world's most volatile commodities, the markdown in prices has been savage. Prices for northern bleached softwood kraft, the industry benchmark, have plummeted from a record high of \$1,000 a tonne last September to less than \$500 a tonne.

The producers hope that these rises will begin to heal some of the wounds caused by the price-cutting war which at the end of last summer halted the soaring markets of 1994 and early 1995.

Arjo warned that conditions in the industry were poor. Mr Cob Stanham, chairman said: "The first half of this year against the first half of last year is going to be terrible."

Some observers question whether companies have the discipline to make the recent price increases stick.

Producers justify the current round of increases by pointing to a few glimmers of light. North American demand for cardboard boxes picked up modestly in March and April, while pulp buyers are taking advantage of the low prices to place new orders.

China has reappeared in the past month as a sizeable pulp and paper importer. In addition, recent declines in German interest rates have encouraged forecasts of stronger demand in western Europe, which accounts for about 45 per cent of the world's pulp trade.

However, the main impetus for the price rises appears to be producers' own eagerness to repair the damage wrought by the precipitous declines of the past nine months. "Everyone is still shell-shocked at how fast prices came down," says Mr Mark Diverio, analyst at UBS Securities in New York.

Indonesian pulp mills, after being in the forefront of aggressive discounting late last year, were among the first to raise prices this spring. "The

Indonesians have realised that they are not immune from counter-attack from the rest of the industry," says one North American executive.

Although current pulp prices are sufficient to cover the low-cost Indonesian mills' operating expenses, questions have been raised about their ability to service their heavy debts.

The lead in pushing up North American prices was taken by Georgia-Pacific, one of the weaker producers. Price-cutting by Georgia-Pacific was blamed for last winter's downward spiral but last month it reported first-quarter income of only 55 US cents a share, down from \$2.59 a year earlier.

The price war has also hit European producers who enjoyed booming earnings growth last year. Stora, the big Swedish forestry group, posted a 34 per cent fall in first-quarter profits.

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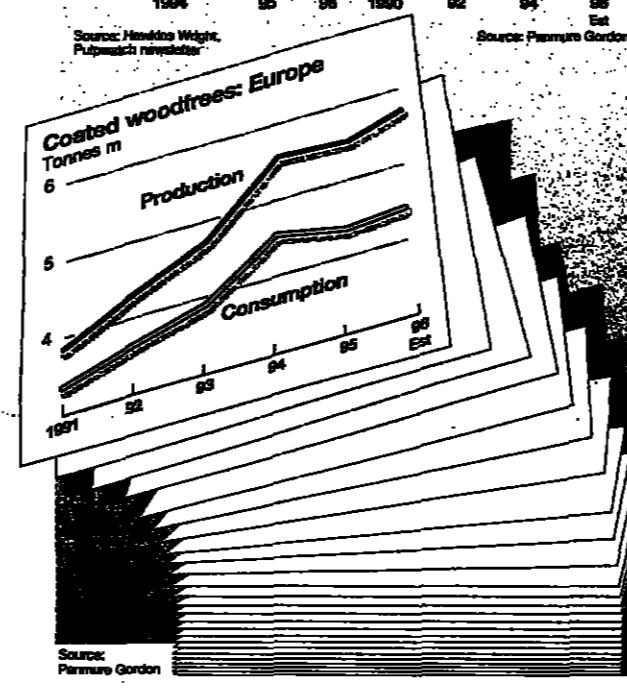
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Paperweight

Pulp prices
Northern bleached softwood kraft
\$ per tonne



Source: Hawke's Wages, Pulpwatch newsletter



Source: Pannure Gordon

rises if they succumbed to the temptation to ship unusually large quantities of pulp, or abandoned plans for mill shutdowns to bring supply into line with demand.

High stock levels, which precipitated the price-cutting, are still held by many companies and the industry remains dogged by overcapacity. Pannure Gordon, the UK broker, is sceptical about any

improvement in the market until the end of the year. "The pulp price may bounce in early 1997 if inventories are successfully reduced... but there is no prospect of a price recovery until more severe production cutbacks are achieved."

In the longer term, the move by Indonesia to install pulp production capacity and the commissioning of new paper mills in other Asian countries, such as South Korea, should sound warning bells throughout the industry. "Long-term growth rates for European and US producers could come under pressure as their main export markets become self-sufficient in the next five years," one analyst said.

* Paper and Packaging - An Industry Handbook, Pannure Gordon. Tel: 0171-532 4010

Deborah Hargreaves, Patrick Harverson and Bernard Simon

INSIDE

Kvaerner

Kvaerner, the Norwegian engineering and shipbuilding group, has decided against an immediate sale of the property assets of Trafagor House, the UK group which it acquired last month. Instead, the assets will be sold off piecemeal. Page 18

Merita

Merita, the dominant Finnish banking group, reported a pre-tax profit of FIM2.5m (US\$1.5m) in the first quarter of the year, confirming gloomy speculation about its financial health. Page 18

Fund Management

Voting guidelines are part of a wider trend for UK trustees and fund managers to take a greater interest in companies' corporate governance structures. Formalisation of the corporate governance process, through a commitment to vote in accordance with guidelines, represents a big change from the traditional UK system of private conversations between fund managers and companies. Page 13

Faces

James Sison, chairman (left); the SBC Warburg director in charge of arranging the sale of Railtrack in the UK, has found that preparing the company for market has taken 18 months and a team of 25 people. "It's like running a full-service joint investment bank," he says. Page 10

Global Investor

European companies are having to pay much more attention to investors' demands, thanks to the broadening of their shareholder base and an emphasis on Anglo-Saxon corporate governance and healthy return on capital. Page 22

Pharmacia & Upjohn takes \$257m charge

By Daniel Green in London

Pharmacia & Upjohn, the pharmaceuticals company formed from the merger of Swedish and US parents last year, took a \$257m restructuring charge for its first full quarter of existence.

The figure takes the total restructuring charges since the merger was completed in November to \$345m. Some 1,200 people had left the company by March 31, from 4,100 projected to leave over the next year or two.

The merger was on track, said Mr John Zabriskie, chief executive, and the annualised cost savings were on target to reach the \$500m originally predicted. Some 85 per cent of the savings are projected to take effect in 1997.

The merging of sales and marketing has been completed. In research and development, the number of research projects will be cut by 20 per cent. The company expects to submit 25 new products or versions of existing products to regulators this year.

The charges - \$175m after tax - left net profits at \$50m, compared with the combined \$238m for the two groups in the first quarter of 1996.

Net earnings per share were \$0.09 against \$0.45 a year ago. Excluding charges, net earnings per share rose to \$0.44, up 7.3 per cent from last year's \$0.41, excluding non-recurring items.

Sales for the quarter were up 3.5 per cent to \$1.74bn, substantially lower than the growth

Innovation in the German equity-linked market

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On show: Daewoo has bypassed independent car dealers in the UK

On show: Daewoo has bypassed independent car dealers in the UK

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Inspector with a public profile

William Lewis looks at the growing influence of corporate governance guidelines

Mr Robert Adamson, responsible for corporate governance policy at Railpen, one of the UK's largest pension funds with assets of about £10bn, likens his job to that of a railway ticket inspector.

"The fact that we are around makes companies take note," he says. "They now know what the rules are and, like a ticket inspector, they know we might turn up."

Mr Adamson is referring to Railpen's recently published voting guidelines. These guidelines, sent to the companies in which Railpen invests, detail how the fund wants investment managers to vote its shares at company meetings on issues such as the length of directors' contracts and dividends.

A letter sent in January by Standard Life, one of the UK's largest life insurers, to the heads of FTSE 100 companies outlining its corporate governance policies is fairly typical.

For example, on pay it says that if over a two-year period disclosure of directors' remuneration was inadequate, Standard Life would vote against adoption of the report and accounts "as well as those directors standing for re-election."

Other institutions which have sent guidelines to companies include Phillips & Drew Fund Management and Schroders Investment Management. The BT pension fund's recently published annual report gave details of its corporate governance policies.

Voting guidelines are part of a wider trend for British trustees and fund managers to take a greater interest in companies' corporate governance structures.

Formalisation of the corporate governance process, through a commitment to vote in accordance with published guidelines, represents a major change from the traditional British system of private conversations between fund managers and companies. "The significance of the voting templates lies in their publication and content," one pension fund trustee said. "We and

many others are now publicly committed to taking action against companies across a range of areas."

Mr Guy Jubb, a fund manager at Standard Life, comments that while he has sympathy with this argument, he expects that companies will be able to cope.

In the US, funds have worked to published voting codes for years according to the Council of Institutional Investors, a Washington-based organisation which represents 100 pension funds with about \$900bn (£596bn) worth of assets. "They have encouraged discipline at companies", the council said.

Guidelines vary of the likely influence of voting guidelines. Some argue that they could hasten the convergence of two parts of fund management activity which currently tend to be handled by different staff – ownership issues, such as takeovers and replacing directors, and so-called hygiene issues such as directors' pay.

"Ensuring boards are in control of the business, act effectively and have a sound strategy is more likely to achieve increases in returns than 'hygiene' factors", Railpen argues.

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Australia's beige brilliance seeks listing

The first thing one notices about Allan Moss, head of Macquarie Bank, Australia's only substantial indigenous investment bank and now headed for a \$500m stock market listing, is that he does not look like an investment banker.

Soft-spoken and courteous, he seems more attuned to the worlds of academia or science than the cut and thrust of deal-making, writes Nikki Tait. "Brilliance in Beige" is how a local newspaper profile once summed him up.

So how does this 46-year-old executive feel about heading into the public spotlight? David Clarke, the bank's more ebullient chairman, once described the listing prospect as a "pain in the neck". Moss, however, is typically conciliatory. "I see the listing as an evolutionary step for the bank," he says gently. "There'll be a somewhat greater obligation to communicate with the market, but I don't see it meaning a dramatic change in my role."

It is true that Macquarie Bank, which was born out of the old Hill Samuel Australia operation, already enjoys extensive and even sees its shares traded in a limited way between professionals. But one wonders if such a low-key transition will really be possible. A listing, for example, will bring more rigorous external analysis of future strategy, and investment banks with a strong share of their home market and who are expanding overseas, do not always have an easy ride.

Moss, a sixth-generation Australian, begins to sound a little steeler. "We're not seeking to duplicate what other investment banks have done," he says firmly. The approach will continue to centre on specific areas where specific expertise can be exported. He points to the existing bulk financing and structured finance operations outside Australia, suggesting that similar types of expansion should help sustain growth.

Most funds agree that the voting guidelines are the first step towards them having to provide much improved disclosure.

Ms Anne Simpson, joint managing director of Pirc, says that funds should reveal their voting record to beneficiaries. "With that beneficiaries will be able to hold trustees and investment managers to account," she argues.



Michael Johnson of DLJ is heading to London to form 10-person team

A start-up date of June 1 has been set, and Johnson has been flying across the Atlantic, combining interviewing potential recruits with house-hunting. The plan is to form a 10-person team, half from DLJ's US staff and half hired in London, which can offer European companies DLJ's US distribution capability and its expertise in unusual financings – for instance for cellular telephone companies or cable TV groups, where there is plenty of potential but few hard numbers for investors to look at. DLJ has been rather late in joining the game in Europe, he admits, but so many European countries are going through a communications revolution that the need for finance to develop licences and build networks will run into several billions of dollars in the next few years.

Already DLJ has had some successes, winning a role in the recent flotation of Orange, the cellular telephone company, and Johnson says, being in seven out of eight UK cable company financings. Even so, his first task will be to improve DLJ's recognition among boards of directors.

But the overhead will be so modest, he says, with the team setting up in DLJ's existing offices in Moorgate, that one decent deal a year will cover the costs.

For Johnson himself the move will be a case of going home. He is British but has spent the last 15 years in the US. He will retain his green card, though, and will in future face the daunting task of filing tax returns in both the US and UK.

Citibank rejects City site

While the exact location of Citibank's new UK headquarters remains undecided, the US bank appears to have ruled out the City of London, writes Simon London.

The large development site at Baltic Exchange, owned by Trafalgar House, has been dropped from the shortlist of three potential sites.

This leaves a choice between Canary Wharf in Docklands and London Bridge City, on the south bank of the Thames near Tower Bridge.

The contest between Canary Wharf and London Bridge City for Citibank's signature looks like an even match. Either site could accommodate a large building with wide open trading floors.

The consortium which owns Canary Wharf includes Prince al-Waleed bin Talal bin Abdulaziz, the Saudi prince who is also a substantial shareholder in Citicorp. Against that, the bank already has a substantial office at London Bridge City, which is owned by St Martin's Property Group, part of the Kuwaiti Investment Office.

DLJ's Johnson heads for Europe

Michael Johnson paused only to cash his bonus cheque before leaving the troubled fixed income department at CS First Boston to join Donaldson, Lufkin & Jenrette, the US investment bank, two months ago. He is barely touching ground there either before heading to London to set up a team which will aim to match European demand for finance with US investors' supply of capital, writes Maggie Urry.

FUND MANAGEMENT

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Tropical hardwood trees are more valuable to loggers than other trees in the rainforest.

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SOCIETE GENERALE DE BELGIQUE

Société Anonyme

Incorporated in Brussels by Royal Decree dated 28 August 1822

Registered Office: 30 rue Royale, 1000 Brussels. Register of Commerce of Brussels: Nr 17.487

The Board of Directors is pleased to invite shareholders to assemble at the Company's registered office, rue Royale 30, on Wednesday 15 May 1996 at 10.30am
* for the Ordinary General Meeting, in accordance with the terms of Article 22
of the Articles of Association, to vote on the following agenda:

AGENDA

1. Board of Directors' and Auditors' reports for the 1995 financial year.

2. Approval of the Company's annual accounts.

3. Proposal to approve the annual accounts as at 31 December 1995, including the distribution of a net dividend of BEF 57, which will be amounted up to BEF 98.60 upon presentation of the corresponding coupon strip VUPF with the ordinary coupon.

3. Discharge to the members of the Board of Directors and to the Auditors:

Proposal to discharge the members of the Board of Directors and the Auditors from the performance of their functions during the 1995 financial year.

4. Statutory nomination:

4.1. Proposal to elect definitively Mr Alain Soug, who was designated on 6 September 1995 as director by the Board of Directors to terminate the mandate of Mr Alain Chaigneau, who has resigned.

4.2. Proposal to renew the mandate of director of Mr François Jacot, designated by the Board of Directors on 13 February 1996 to replace Mr Jean Arvis, who has resigned.

4.3. Proposal to elect Mr Hugues Vendome as director to replace Baron Jean Godet, who is not willing to renew his mandate.

4.4. Proposal to confer to Baron Jean Godet, the honorary membership as director.

4.5. Proposal to confer to Baron Guy de Wouwer, on the occasion of his retirement, the honorary membership as director.

* at the end of said meeting, for the Extraordinary General Meeting to vote on the following agenda:

AGENDA

1. Amendment to the Articles of Association:

Proposal to amend the Articles of Association in order to bring them into line with the provisions of the laws of 7 and 13 April 1995 which introduced amendments to the Coordinated Laws on Commercial Companies.

1.1. Article 1

Add a second paragraph worded as follows: "The Board of Directors is also authorized to sell the company shares on the stock exchange or in any other way. In order to save the company from serious and imminent harm, the Board of Directors is authorized to sell the shares on the stock exchange or offer them for sale at the same terms to all the shareholders. The latter authorization shall be valid for a period of three years as from the date of publication of this amendment to the Articles of Association decided by the General Meeting of 15th May 1996, and shall be renewable according to the statutory legislation".

Add a third paragraph worded as follows: "These authorisations are subject to the same conditions for acquisition and sale of the company shares by its subsidiaries as specified in Article 32 quinque, § 1, paragraph 2 of the Coordinated Laws on Commercial Companies".

1.2. Article 11

Add a fourth paragraph worded as follows: "In exceptional circumstances which warrant such action due to their legal nature and in the company's interest, the Board may take decisions on the basis of the unanimous written agreement of the Directors. However, the procedure must not be used for drawing up the annual accounts or for utilization of the undrawn capital".

This amendment will take effect on 1 July 1996.

1.3. Article 12

Replace the second paragraph with the following: "All shareholders are entitled to attend the General Meeting provided that they deposit their shares in the company's registered office or at one of the places mentioned in the notice or that, in the case of non-delivery of shares, the deposit or annatation by the approved custody account holder or clearing body certifying that their shares are not available up until the date of the Meeting or that in the case of registered shares, they give notice that they wish to attend the Meeting; these formalities must be completed no later than five business days prior to the date of the Meeting".

This amendment will take effect on the same date as the amendments relating to Article 4 of the Articles of Association.

Delete the second sentence of paragraph three.

This amendment will take effect on 1 July 1996.

1.4. Article 21

Add the following sentence to paragraph five:

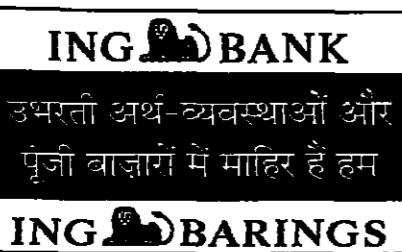
"Copies to be sent to third parties shall be signed by two Directors".

This amendment will take effect on 1 July 1996.

2. Acquisition by the company of its own shares:

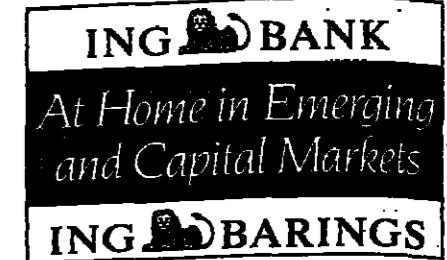
Proposal to entitle the company to proceed to the acquisition on the stock exchange, of a maximum number of 2,100,000 shares at the minimum price of BEF 1,800 and the maximum price of BEF 3,000, during a period of twelve months as from the date of the General Meeting of 1996 till the General Meeting of 1997.

3. Powers:



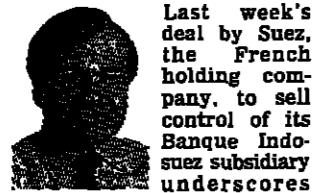
MARKETS

THIS WEEK



Global Investor / Martin Dickson

Europe takes to restructuring



Last week's deal by Suez, the French holding company, to sell control of its Banque Indo-suez subsidiary underscores the scope of the restructuring wave developing across continental Europe. This has been a significant factor in the strength of the European equity market so far this year.

The European (ex-UK) component of the FT/S&P World Index rose 12 per cent in local currency terms in the first four months of 1996, against a 6 per cent rise in the US and just less than 8 per cent for the Pacific Basin, though in dollar terms the three regions were each up about 6 per cent.

Europe's performance is due

in considerable measure to a widespread expectation that, after a mid-cycle destocking pause, solid economic growth will resume in the second half of this year, helped by a benign interest rate environment and recovering consumer confidence.

A measure of doubt has been cast on this theory by a series of bearish trading forecasts from some large manufacturers in cyclical sectors.

But whatever the general economic environment, there are grounds for expecting relative outperformance by those European companies which are at last taking restructuring seriously.

A recent research note by Mr Francois Langlade-Demoyen, European equity strategist at CS First Boston, estimates that over the past 10 years total

average returns in dollar terms on European stocks (excluding the UK) have been consistently 4 to 5 percentage points below returns in the US – despite higher annual GDP growth and higher inflation.

He suggests that the main reason is that up till now "maximisation of shareholder value has not been the primary objective of corporate management in Europe." Rather, they have been intent on pursuing grand expansion strategies which in many cases have merely succeeded in destroying shareholder value.

European boards are now having to pay more attention to investors' demands, however, thanks to the growing internationalisation of their shareholding base and a concomitant emphasis on Anglo-Saxon corporate governance and return on capital.

Suez, an archetypal French conglomerate, with interests in an array of industries and an elaborate system of cross-shareholders with other leading companies, is at the start of restructuring. But the Banque Indo-suez is a dramatic step by Mr Gerard Mestrallet, brought in as chairman last year in place of the ousted Mr Gerard Worms, for until recently he had been insisting the bank was a core asset.

Shareholders in European companies are likely to benefit in several ways from the new approach. Obviously, improved performance should eventually translate into higher market ratings. But there are other ways to return value to shareholders. One is an improved dividend policy. Mr Richard Davidson, an analyst at Mor-

gan Stanley, has long argued that a long, slow cycle of economic growth, coupled with repaired corporate balance sheets and strong cash flow, gives European companies cash to recycle, and the next year or so will see a substantial increase in dividends relative to earnings.

An alternative is share buy-backs, though in many continental countries these are currently illegal (Germany and Sweden), limited in scope (Belgium and the Netherlands) or tax inefficient (Switzerland).

But the position is improving. Germany and Sweden may pass laws legalising buy-backs over the next couple of years and several German cyclical, notably BASF, are interested in launching programmes.

Mr Langlade-Demoyen points to other possible buy-back can-

didates: Europe's overcapitalised banking sector (including Deutsche Bank and Scandina- vian's Nordbanken and Swedbank); German insurers Allianz and Munich Re; mature cyclicals, including many French companies; and luxury goods manufacturers, such as Hermès.

Another way to return value to investors is through demerger, which can unlock the value of assets, and where the

Total return in local currency to 3/5/96

	US	Japan	Germany	France	Italy	UK
Cash	0.10	0.01	0.06	0.08	0.18	0.12
Week	0.45	0.05	0.28	0.34	0.83	0.51
Month	0.63	1.56	4.88	7.38	11.88	7.81
Year						
Bonds 3-5 year	-0.69	-0.32	-0.20	0.16	0.55	0.35
Week	-1.58	-0.34	-0.50	0.05	0.49	0.76
Month	-2.79	-2.21	-0.08	1.00	5.51	0.04
Year	8.60	4.73	11.18	17.04	31.17	10.81
Bonds 7-10 year						
Week	-1.58	-0.34	-0.50	0.05	0.49	0.76
Month	-2.79	-2.21	-0.08	1.00	5.51	0.04
Year	27.9	24.5	22.0	16.5	3.4	21.6

Source: CS First Boston Research
Source: Cash & Bonds - Lehman Brothers.
The FT/S&P Actuaries World Indices are jointly owned by FT-S&P International, Goldman Sachs & Co., and Standard & Poor's.

Equities - FTSE Index Link.
Goldman Sachs & Co., and Standard & Poor's.

continent is again behind the trend in the US and UK. But the pace is picking up.

Mr Langlade-Demoyen estimates that spin-offs totalled \$10.7bn in Europe last year, up from \$4.3bn in 1994, and the total has already reached \$5.8bn this year.

Decades of ill-focussed European empire building means many more companies are becoming the subject of demerger, which can unlock the value of assets, and where the

COMPANY RESULTS DUE

Falling cost ratios should help lift Winterthur

Winterthur, the Swiss insurance group, is expected on Wednesday to report a 1995 net profit of between SFr1.05bn and SFr1.35bn (\$336m-\$438m), against SFr364m. Analysis expects the group to propose a 1995 dividend of between SFr18 and SFr19, compared with SFr17. Gross premium income should rise from SFr20.46bn to between SFr22.5bn and SFr23bn.

Mr Beat Alpiger, insurance analyst at Bank Julius Baer, expects net profits of SFr430m, gross premium income of SFr22.5bn, and a dividend of SFr19. He said declining cost ratios in life and non-

life business should boost group earnings. The group's net profit should also benefit from a rise in financial income to SFr4.5bn against SFr4.18bn a year earlier. Mr Alpiger said investors should not expect any near-term benefits from Winterthur's recent bank assurance co-operation agreement with Credit Suisse.

■ **Hafslund Nycomed:** The Norwegian bioscience and energy group is today expected to report pre-tax profit for the first quarter to March 31 in the range of Nkr450m to Nkr500m (\$63m-\$84m), compared with Nkr456m earlier, analysts said. The broad range reflects uncertainty about the performance of its energy division, while the general focus of investors will be on trends in the main medical imaging business.

Estimates of Norwegian hydro-power earnings are being reduced because low reservoir levels may have forced

producers to fill contracts by buying in the much more expensive spot market.

At the end of March, the company said AMHS, the US purchasing group, was terminating its favoured supplier agreement. Last month, news that a US patent extension had been denied to a competing product was taken as a further sign that price competition would be stepped up as more generic products come on the market. *APX News, Oslo*

■ **Assicurazioni Generali:** Italy's largest insurer will announce its consolidated full-year results for 1995 tomorrow, writes Andrew Hill in Milan. Analysts are expecting a net profit attributable to the parent company of about L725bn (\$464m), compared with L641bn in 1994. In March, Generali, under Mr Antoine Berthelot, its new chairman, signed an agreement with AXA of France to simplify the Italian compa-

ny's shareholding in the French insurer. The deal could open the way either to a straight sale of the Generali stake or the pursuit of new joint development opportunities.

■ **Repsol:** The Spanish oil group is this week expected to report first-quarter net profit after minorities of about Pta31.2bn and Pta33.0bn (\$245m)

against Pta32.8bn a year earlier. A sharp fall in operating profits, largely on a decline in earnings at the petrochemicals division, will be the main factor affecting results.

■ **Olivetti:** Shareholders in the Italian computer group will get their first chance to comment on the company's record 1995 losses on Friday at the annual meeting. Last year's successful £2.25m rights issue left some

70 per cent of the shares in non-Italian hands, and many believe foreign fund managers may use the meeting to comment on Olivetti's attempts to restore profitability.

■ **Royal Bank of Scotland:** Doubts over the performance of the Direct Line insurance subsidiary have made it difficult to forecast Royal Bank's interim results for the six months to March 31. Most analysts expect group pre-tax profits of £300m-£310m, compared with £270m, when it reports on Wednesday. Estimates for Direct Line, which has suffered from price competition and higher oil prices, are the average of downstream profits because of continued competition at the UK pumps.

■ **British Petroleum:** Tomorrow BP will be the first big oil group to report its quarterly figures and analysts are looking for pre-tax profits of £570m-£580m for the opening three months. That will repre-

sent an improvement on the £461m for the same period in 1995. However, the figures will be slightly flatter because £56m of rationalisation charges took a sizeable chunk out of profits a year ago. Higher oil prices – the average price of Brent crude was \$15.55 per barrel, up from \$16.83 – and stronger gas volumes because of the cold winter will have helped offset weakness in downstream profits because of continued competition at the UK pumps.

■ **Shell:** The petroleum and gas conglomerate should have benefited from higher oil prices and gas sales in the first three months, but poor downstream earnings and a relatively disappointing performance from chemicals will mean the headline improvement in profits is less than striking when it reports on Thursday. The consensus among analysts is pre-tax profits of about £1.25bn, against £1.24bn.

■ **Mediolanum:** The Italian stock market has risen about 6 per cent since the general election triumph of the centre-left Olive Tree alliance and international investors who are becoming wary of the froth which is forming in the primary equity market.

The recent consolidation in the industry, particularly in the UK, and the fact that many insurance stocks are trading below their net asset value, have attracted investors' attention.

In addition, insurance companies should benefit in coming years from the trend in Europe to shift the responsibility of pensions from the state to the private sector.

The flotation of Mediolanum, one of Italy's leading non-bank providers and distributors of insurance and mutual fund products, is the first of a pipeline of insurance companies to come to market.

From a stock market point of view, Mediolanum's timing could not be better.

The Italian stock market has risen about 6 per cent since the general election triumph of the centre-left Olive Tree alliance and international investors who are becoming wary of the froth which is forming in the primary equity market.

In addition, the sale of the state's holding will significantly increase the free-float of AGF shares, making them easier to trade.

The international book-building period starts today and pricing is expected on May 17. The price range has been set at £10.00 to £12.00 a share.

Hard on Mediolanum's heels will be the French govern-

ment's sale of its 56.9 per cent stake in Assurances Générales de France, which is worth about FFr10.8bn (\$2bn) at current market prices. Pre-marketing is due to start today and the public offer will open on May 21.

Some analysts say that for investors looking for earnings recovery and restructuring, AGF offers both. On the basis of their 1996 and 1997 forecasts, AGF has the lowest price-earnings ratio and highest yield in the sector, which they say is not justified.

In addition, the sale of the state's holding will significantly increase the free-float of AGF shares, making them easier to trade.

But given the patchy track record of French privatisations, the government will have to offer an attractive discount to marshal the support of international investors.

The flotation, which is expected to go ahead before the summer, is likely to value the company at between £1.2bn and £1.6bn, according to analysts.

INTERNATIONAL EQUITIES By Antonia Sharpe

Attractions of insurance offerings

The forthcoming selection of offerings from insurance companies will probably not get investors' pulses racing in quite the same way as some of the sexier IPOs in the international equity markets in recent months – Gucci, Orange and Harvey Nichols for instance.

But even if insurance is not the most glamorous of industries, analysts say such offerings should be a fairly safe bet for international investors who are becoming wary of the froth which is forming in the primary equity market.

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From a stock market point of view, Mediolanum's timing could not be better.

The Italian stock market has risen about 6 per cent since the general election triumph of the centre-left Olive Tree alliance and international investors who are becoming wary of the froth which is forming in the primary equity market.

In addition, the sale of the state's holding will significantly increase the free-float of AGF shares, making them easier to trade.

The international book-building period starts today and pricing is expected on May 17. The price range has been set at £10.00 to £12.00 a share.

Hard on Mediolanum's heels will be the French govern-

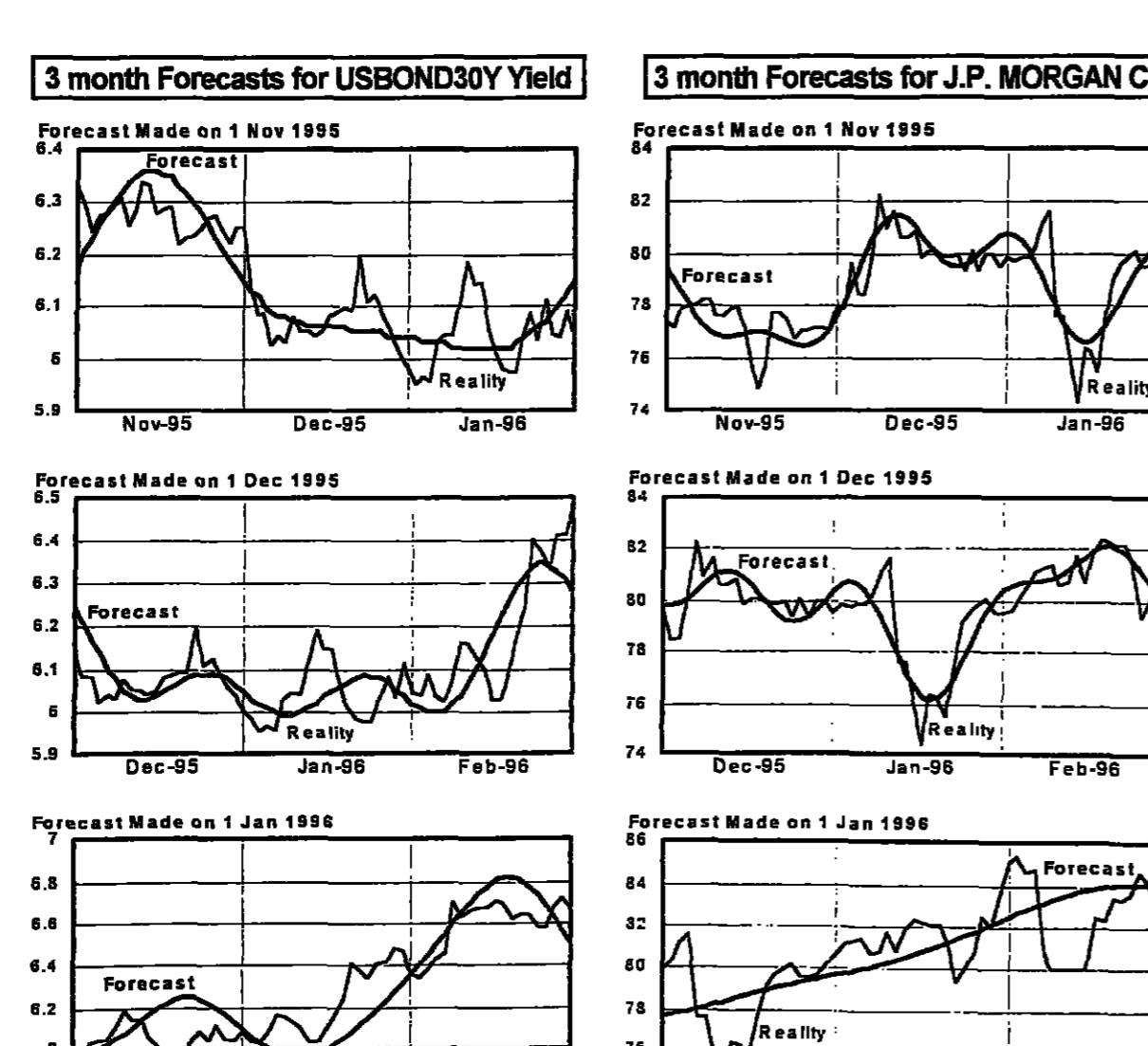
ment's sale of its 56.9 per cent stake in Assurances Générales de France, which is worth about FFr10.8bn (\$2bn) at current market prices. Pre-marketing is due to start today and the public offer will open on May 21.

Some analysts say that for investors looking for earnings recovery and restructuring, AGF offers both. On the basis of their 1996 and 1997 forecasts, AGF has the lowest price-earnings ratio and highest yield in the sector, which they say is not justified.

In addition, the sale of the state's holding will significantly increase the free-float of AGF shares, making them easier to trade.

But given the patchy track record of French privatisations, the government will have to offer an attractive discount to marshal the support of international investors.

The flotation, which is expected to go ahead before the summer, is likely to value the company at between £1.2bn and £1.6bn, according to analysts.



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FINANCIAL AND COMMODITIES FORECASTS

1995

EMERGING MARKETS By Tony Walker

Silver lining for China's B-shares

Spare a thought for brokers in China whose task it is to forecast the performance of Chinese enterprises in an opaque economy moving from rigid central control to a market-based system.

In their estimates of 1995 earnings for B-share companies listed on the Shanghai Stock Exchange, brokers' forecasts were, in some cases, out by hundreds of percentage points as enterprises slid deep into the red. Results for the year were far worse than even the most gloomy predictions.

Mr John Crossman, chief representative in Shanghai for Jardine Fleming, said the "entire research community had been caught out". Analysts had predicted low earnings, but had not been prepared for such a "food of red ink".

Shanghai Tyre and Rubber, for example, recorded losses of Yn170.4m, down from a modest profit of Yn6.4m in 1994. This result bore no relation to brokers' estimates.

The calamitous year for many Chinese companies is attributed to a lingering credit squeeze, a steep climb in accounts receivable and bulging inventories.

The disastrous results, compounded by the fact that companies were not forthcoming about their problems during the year, are hardly likely to encourage fund managers to commit funds to China's markets, but Shanghai brokers believe the worst may be over.

Mr Richard Graham, chief representative in Shanghai of ING Barings, said the B-share index, hovering around 50 points, may be ready for a "bit of a run up to 80 on the back of an improving macroeconomic picture, rather than a lift in corporate earnings".

B-shares, denominated in US dollars in Shanghai and Hong Kong dollars in Shenzhen - China's two fledgling stock exchanges - reached 105.78 in the Shanghai market on December 31 1995. The shares are technically restricted to foreign investors, but it is estimated about 35 per cent are held by local Chinese, many of whom purchased them through friends in Hong Kong.

Mr Graham cited last week's cut in interest rates and signs of an easing in credit restrictions as grounds for cautious optimism about corporate earnings, but said investors would continue to be wary.

"Analysts have been consistently optimistic and disappointed. Chinese companies are good at telling the good news, but not so good at telling the bad news," he said.

On the Shanghai B-market, worst performing companies in the past year were those engaged in the manufacturing sector, especially those producing machinery for the textile industry. Real estate was also affected by the credit squeeze.

Mr Graham said China's B-share markets were seeing a continuing process of "separating sheep from goats" as far as the management of companies was concerned. In electrical products, for example, companies which had sought to tap foreign expertise and capital were doing better than those remaining home-grown.

Shanghai Electrical, which had joined forces with Mitsubishi, had outperformed Narcissus. The latter had sought to develop its own product range in the consumer electrical goods field, but had experienced a difficult year with profit down nearly 60 per cent. Shanghai recorded a 10 per cent drop in after tax profits, a respectable performance given difficult trading conditions.

Among Shanghai B-share companies whose profits were more or less in line with expectations were New Asia, a property and hotels group, Daifang, a big poultry producer, Chao Alkali and Daizhong Taxi. Brokers said these companies were distinguished by relatively competent management.

John Crossman of Jardine Fleming expects corporate earnings to be weak for at least the first half of this year, but an improvement in the second half in preparation for a "nice year next year".

He noted that China will be holding its 13th Communist Party Congress in late 1997, and the authorities would be striving for a positive economic outlook after the "recession" of the past three years. Beijing instituted a credit

freeze in mid-1993 to curb inflation.

But Mr Crossman said it would be surprising if funds were not wary. "They have not just been bitten once, they have been bitten several times and are feeling very sorry for themselves," he said.

The Shanghai Stock Exchange itself is showing signs of exasperation with the continuing poor performance of listed companies, especially those deemed to have fallen short of requirements for candid reporting, even by lax Chinese accounting standards.

Last week, the exchange took the extraordinary step of suspending trading in six companies for two days - Thursday and Friday - because of concern about corporate performance. "We hope the six companies learn a lesson from this and improve their administration and production," said an exchange spokesman.

Chinese regulators are also saying that companies which perform badly consistently may face permanent delisting. Under Chinese law they can be delisted if they lose money for three consecutive years.

China's fledgling stock markets would, however, like to see a revitalisation of the market after the doldrums of the past several years with A and B-share indices still about 50 per cent below their peak.

Mr Yang Xianghai, president of the Shanghai exchange, outlined steps recently which he said were aimed at encouraging greater activity. He pledged to speed up listing of B-share stocks - at present there are just 22 listed B-share companies on the Shanghai exchange - and also offer foreign companies secondary listings.

Companies issuing A-shares would have "new trading products" such as convertible bonds and warrants. Convertible bonds are likely to prove popular on Chinese markets. Mr Yang also pledged lower broking charges.

Mr Graham of ING Barings said the sharp appreciation recently on the Hong Kong market of H-shares, or the stock of mainland companies, augured well for B-shares.

"We have all seen a few false dawns," he said. "But I feel we may be finally putting the bad news behind us."

ING BARING SECURITIES EMERGING MARKETS INDICES

Index	3/5/96	Week on week movement	Month on month movement	Year to date movement	Actual	Percent
World (395)	162.31	-0.56	-0.35	+6.50	+3.51	+10.00
Latin America						
Argentina (22)	88.50	-0.77	-0.77	+5.59	+7.07	+7.02
Brazil (21)	21.31	-0.04	+0.29	+0.78	+0.21	+12.26
Chile (18)	187.62	-0.00	+0.00	+14.23	+8.21	-3.05
Colombia (14)	181.80	+14.52	+8.88	+23.11	+14.57	+17.55
Mexico (23)	84.10	-3.78	-4.30	+1.75	+2.12	+10.50
Peru (4)	1,109.39	-3.37	-0.30	+56.67	+5.58	+40.44
Latin America (112)	136.93	-1.40	-1.03	+4.92	+3.54	+11.79
Europe						
Group 1 (18)	105.24	-0.36	-0.34	-7.44	-8.60	+7.27
Portugal (20)	124.56	+1.82	+1.22	-3.92	-3.05	+8.11
Turkey (26)	114.87	-0.88	-0.76	-8.37	-8.79	+32.07
South Africa (32)	147.67	-1.37	-0.92	-1.75	-1.17	-5.71
Europe (86)	123.07	-0.69	-0.56	-3.47	-1.97	+1.53
Asia						
China (24)	44.62	+2.32	+5.50	-1.81	-3.69	+4.30
Indonesia (32)	151.15	-1.01	-2.28	-3.07	-2.07	+12.48
Korea (22)	144.10	-3.04	-2.05	-6.94	-5.62	+1.16
Malaysia (24)	283.69	-0.11	-0.04	-5.19	-2.01	+36.33
Pakistan (14)	87.65	-5.02	+6.06	-7.88	-9.85	+14.26
Philippines (14)	307.21	+1.80	+0.59	-8.01	-2.68	+48.05
Thailand (25)	260.44	-5.21	+2.04	-6.40	-2.40	+8.55
Taiwan (61)	168.83	+2.63	+1.58	+34.55	+25.73	+38.05
Asia (187)	232.79	-0.76	-0.33	+13.18	+6.00	+29.09
All indices in \$ terms, January 7th 1992=100. Source: ING Barings Securities.						

All indices in \$ terms, January 7th 1992=100. Source: ING Barings Securities.

MARKETS: This Week

INTERNATIONAL BONDS By Connor Middelmann

Tumbling rand triggers fall in S African bonds

The recent tumble in South Africa's currency has reminded international investors why rand-denominated bonds yield as much as 10 per cent.

"Whenever you buy a high-yielding bond, the return should be a fairly clear warning that there are risks attached," said one London banker. "In South Africa, investors receive a hefty yield premium in return for accepting political, economic and currency risk."

The South African bond and currency markets are closely linked because the participation of foreign investors in our bond market is inordinately high," explained Mr Nico Czypionka, chief economist at Stan-

ding Bank in Johannesburg.

Chinese regulators are also

saying that companies which

perform badly consistently

may face permanent delisting.

Under Chinese law they can be

delisted if they lose money for

three consecutive years.

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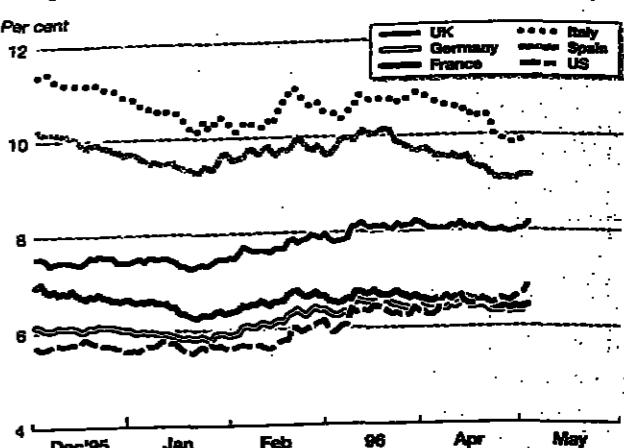
seen as being well positioned

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interest rates.

10-yr benchmark bond yields



INTEREST RATES AT A GLANCE



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WORLD STOCK MARKETS

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INDICES

Nikol 300/T/10/62

... FudoDn 993 ... 1,170

Java 390
Python 224
Scala 312
C/C++ 214

512	568	13	Random
368	212	17	Rotor/G
1624	204	15	Rotor/C
471	321	21	Fixed

Stock	Symbol	Price	Change	Vol.	Market
CAPPI	51.75	-2.75	55.50	100	19
SASOL	44	-8.0	47.75	29	20
Scitex	13.50	-1.0	14.75	11	25
Smiths	35	-15	17.10	13	25
Smiths	65.75	-1.5	61.50	50	15
SABIC	123	-2.75	110	12	15
CAMMAM	66	-1	67	10	15
Siemens	41	-1	56	41	15
Siemens	41	-1	56	41	15
Siemens	41	-1	56	41	15
Siemens	21.50	+1	20.24	101	15
Siemens	160	+1	162	20	15
TigCom	58.75	-1	57.75	12	12
TigCom	59.50	-1	58.50	14	12
Wheels	440	-5	433	234	15
W. German	65.75	-5.0	72.50	50	4.5
W. German	212	-1	222	120	4.5
Wolmar	12	-1	13	26	4.5
<hr/>					
Price reported by February					
NOTES - Prices on this page are as quoted on the individual exchanges and are usually last traded prices. Midyear prices are based on Jan 1. 1986. Dividends are suspended as Ex dividend as Ex date or as rights to Ex date. Price in US \$					
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NOK Corp	4.3m	1040	-10		
Unilever Int'l	8	100			

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**) Funds and SB recognized. The regulatory authorities
have not yet issued final rules.
Guarantees - Bonds and Monetary Authority
Guarantees - Financial Services Commission
Insured - Central Bank of Ireland
Info of Muni - Financial Supervision Commission
Money - Financial Services Department
Leverage - The ratio of assets to liabilities, including
initial charge - Charge made on issue of units.
Buying price - 98% of redemption price.
Buying price - Offer or issue price.
Term - The time period during the fund manager's
management of the fund. The fund manager's policy unless
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- 0001 to 1000 hours
- 1100 to 1400 hours
- 1401 to 1700 hours
- 1701 to 2000 hours
- N - End charge on issue of units.
G - Manager's periodic charge deducted from capital.
H - Highest bidding F - Lowest pricing
I - Redemption free of UK taxes.
J - Premium pricing insurance plan.
K - Premium guaranteed insurance plan.
L - Designated as a UCITS (Undertakings for Collective
Investment in Transferable Securities).
M - Offered price includes all expenses except agent's
commission.
P - Previous day's price.
S - Guarantees given.
- Yield history: Jersey Inc.
† - Ex-substitution, ex - Ex-dividend.
- Only payable to charitable bodies
§ - Yield column shows annualized rates of NAV
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3/96	4/96	5/96	6/96	7/96	8/96	9/96	10/96	11/96	12/96	1/97	2/97
1.05	1.12	1.18	1.25	1.32	1.39	1.46	1.53	1.60	1.67	1.74	1.81
1.15	1.22	1.28	1.35	1.42	1.49	1.56	1.63	1.70	1.77	1.84	1.91
1.25	1.32	1.38	1.45	1.52	1.59	1.66	1.73	1.80	1.87	1.94	2.01
1.35	1.42	1.48	1.55	1.62	1.69	1.76	1.83	1.90	1.97	2.04	2.11
1.45	1.52	1.58	1.65	1.72	1.79	1.86	1.93	2.00	2.07	2.14	2.21
1.55	1.62	1.68	1.75	1.82	1.89	1.96	2.03	2.10	2.17	2.24	2.31
1.65	1.72	1.78	1.85	1.92	1.99	2.06	2.13	2.20	2.27	2.34	2.41
1.75	1.82	1.88	1.95	2.02	2.09	2.16	2.23	2.30	2.37	2.44	2.51
1.85	1.92	1.98	2.05	2.12	2.19	2.26	2.33	2.40	2.47	2.54	2.61
1.95	2.02	2.08	2.15	2.22	2.29	2.36	2.43	2.50	2.57	2.64	2.71
2.05	2.12	2.18	2.25	2.32	2.39	2.46	2.53	2.60	2.67	2.74	2.81
2.15	2.22	2.28	2.35	2.42	2.49	2.56	2.63	2.70	2.77	2.84	2.91
2.25	2.32	2.38	2.45	2.52	2.59	2.66	2.73	2.80	2.87	2.94	3.01
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2.45	2.52	2.58	2.65	2.72	2.79	2.86	2.93	3.00	3.07	3.14	3.21
2.55	2.62	2.68	2.75	2.82	2.89	2.96	3.03	3.10	3.17	3.24	3.31
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3.25	3.32	3.38	3.45	3.52	3.59	3.66	3.73	3.80	3.87	3.94	4.01
3.35	3.42	3.48	3.55	3.62	3.69	3.76	3.83	3.90	3.97	4.04	4.11
3.45	3.52	3.58	3.65	3.72	3.79	3.86	3.93	4.00	4.07	4.14	4.21
3.55	3.62	3.68	3.75	3.82	3.89	3.96	4.03	4.10	4.17	4.24	4.31
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4.45	4.52	4.58	4.65	4.72	4.79	4.86	4.93	5.00	5.07	5.14	5.21
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4.95	5.02	5.08	5.15	5.22	5.29	5.36	5.43	5.50	5.57	5.64	5.71
5.05	5.12	5.18	5.25	5.32	5.39	5.46	5.53	5.60	5.67	5.74	5.81
5.15	5.22	5.28	5.35	5.42	5.49	5.56	5.63	5.70	5.77	5.84	5.91
5.25	5.32	5.38	5.45	5.52	5.59	5.66	5.73	5.80	5.87	5.94	6.01
5.35	5.42	5.48	5.55	5.62	5.69	5.76	5.83	5.90	5.97	6.04	6.11
5.45	5.52	5.58	5.65	5.72	5.79	5.86	5.93	6.00	6.07	6.14	6.21
5.55	5.62	5.68	5.75	5.82	5.89	5.96	6.03	6.10	6.17	6.24	6.31
5.65	5.72	5.78	5.85	5.92	5.99	6.06	6.13	6.20	6.27	6.34	6.41
5.75	5.82	5.88	5.95	6.02	6.09	6.16	6.23	6.30	6.37	6.44	6.51
5.85	5.92	5.98	6.05	6.12	6.19	6.26	6.33	6.40	6.47	6.54	6.61
5.95	6.02	6.08	6.15	6.22	6.29	6.36	6.43	6.50	6.57	6.64	6.71
6.05	6.12	6.18	6.25	6.32	6.39	6.46	6.53	6.60	6.67	6.74	6.81
6.15	6.22	6.28	6.35	6.42	6.49	6.56	6.63	6.70	6.77	6.84	6.91
6.25	6.32	6.38	6.45	6.52	6.59	6.66	6.73	6.80	6.87	6.94	7.01
6.35	6.42	6.48	6.55	6.62	6.69	6.76	6.83	6.90	6.97	7.04	7.11
6.45	6.52	6.58	6.65	6.72	6.79	6.86	6.93	7.00	7.07	7.14	7.21
6.55	6.62	6.68	6.75	6.82	6.89	6.96	7.03	7.10	7.17	7.24	7.31
6.65	6.72	6.78	6.85	6.92	6.99	7.06	7.13	7.20	7.27	7.34	7.41
6.75	6.82	6.88	6.95	7.02	7.09	7.16	7.23	7.30	7.37	7.44	7.51
6.85	6.92	6.98	7.05	7.12	7.19	7.26	7.33	7.40	7.47	7.54	7.61
6.95	7.02	7.08	7.15	7.22	7.29	7.36	7.43	7.50	7.57	7.64	7.71
7.05	7.12	7.18	7.25	7.32	7.39	7.46	7.53	7.60	7.67	7.74	7.81
7.15	7.22	7.28	7.35	7.42	7.49	7.56	7.63	7.70	7.77	7.84	7.91
7.25	7.32	7.38	7.45	7.52	7.59						

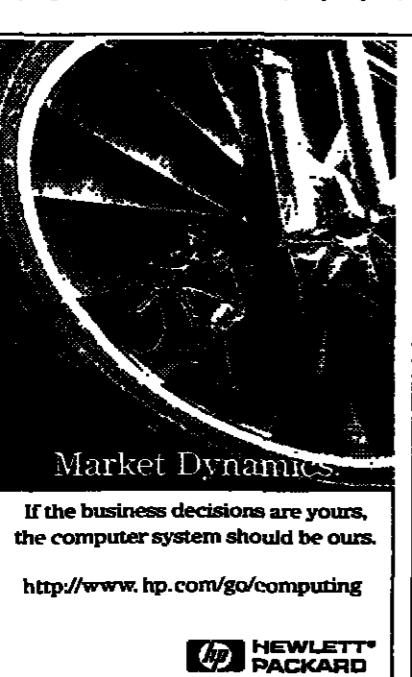
NEW YORK STOCK EXCHANGE PRICES

4 pm close May 3

Market Dynamics

If the business decisions are yours, the computer system should be yours.

<http://www.bn.com/go/computing>



Continued on next page

NYSE PRICES

4 pm close May 3

NASDAQ NATIONAL MARKET

1986												1987												
Low Stock		Wk %		Wk %		Wk %		Wk %		Wk %		Low Stock		Wk %		Wk %		Wk %		Wk %				
Div	Wk	Wk	Wk	Div	Wk	Wk	Div	Wk	Wk	Div	Wk	Div	Wk	Wk	Div	Wk	Wk	Div	Wk	Wk	Div	Wk		
Continued from previous page																								
14 ¹	5 ¹	Schw	3	2885	107 ¹	101 ²	104 ³	-	-	50 ¹	10 Stock	Wk	Wk	Wk	Wk	Wk	Wk	Wk	Wk	Wk	Wk	Wk	Wk	
15 ¹	12 ¹	Schmidb	0	116	67	23	24 ¹	23 ²	23 ³	51 ¹	23 ¹ TeleData	0.93	3.9	9	1000	24 ¹	23 ²	23 ³	23 ⁴	23 ⁵	23 ⁶	23 ⁷	23 ⁸	
20 ¹	22 ¹	Schmidb	13	573	26 ¹	25 ²	25 ³	-	-	51 ¹	42 ¹ TeleData	1.37	2.5	19	1010	22 ¹	22 ²	22 ³	22 ⁴	22 ⁵	22 ⁶	22 ⁷	22 ⁸	
15 ¹	12 ¹	Schmidb	0.06	0.3	46	3222	18 ¹	17 ²	18 ³	49 ¹	23 ¹ TeleData	0.92	2.7	11	1000	23 ¹	23 ²	23 ³	23 ⁴	23 ⁵	23 ⁶	23 ⁷	23 ⁸	
15 ¹	17 ¹	Schmidb	0.10	0.5	11	11	19 ¹	19 ²	19 ³	51 ¹	42 ¹ TeleData	1.37	2.5	19	1010	22 ¹	22 ²	22 ³	22 ⁴	22 ⁵	22 ⁶	22 ⁷	22 ⁸	
47 ¹	22 ¹	Schmidb	0.52	12	25	113	42 ¹	42 ²	42 ³	51 ¹	42 ¹ TeleData	0.98	8.9	100	999	26 ¹	26 ²	26 ³	26 ⁴	26 ⁵	26 ⁶	26 ⁷	26 ⁸	
15 ¹	14 ¹	Schmidb	0.02	0.1	21	26 ¹	15 ¹	15 ²	15 ³	51 ¹	42 ¹ TeleData	1.30	3.4	8	2007	24 ¹	24 ²	24 ³	24 ⁴	24 ⁵	24 ⁶	24 ⁷	24 ⁸	
12 ¹	11 ¹	Schmidb	0.16	1.3	13	158	12 ¹	12 ²	12 ³	51 ¹	42 ¹ TeleData	1.30	3.4	8	2007	24 ¹	24 ²	24 ³	24 ⁴	24 ⁵	24 ⁶	24 ⁷	24 ⁸	
16 ¹	16 ¹	Schmidb	0.38	3.2	2	3	18 ¹	18 ²	18 ³	51 ¹	42 ¹ TeleData	0.28	0.8	11	35	27 ¹	27 ²	27 ³	27 ⁴	27 ⁵	27 ⁶	27 ⁷	27 ⁸	
18 ¹	15 ¹	Schmidb	1.06	9.4	2	15 ¹	15 ²	15 ³	51 ¹	42 ¹ TeleData	0.06	0.2	4	8000	21 ¹	21 ²	21 ³	21 ⁴	21 ⁵	21 ⁶	21 ⁷	21 ⁸		
51 ¹	44 ¹	Stern	22 ¹	1363	52 ¹	52 ²	52 ³	-	-	51 ¹	41 ¹ Teler	0.06	0.2	4	8000	21 ¹	21 ²	21 ³	21 ⁴	21 ⁵	21 ⁶	21 ⁷	21 ⁸	
30 ¹	31 ¹	Stern	0.80	1.8	22	2019	22 ¹	22 ²	22 ³	51 ¹	11 ¹ Teler	0.18	1.2	7	4000	13 ¹	13 ²	13 ³	13 ⁴	13 ⁵	13 ⁶	13 ⁷	13 ⁸	
17 ¹	17 ¹	Stern	0.07	0.7	25	2773	24 ¹	24 ²	24 ³	51 ¹	8 ¹ Teler	0.20	3.3	67	663	53 ¹	53 ²	53 ³	53 ⁴	53 ⁵	53 ⁶	53 ⁷	53 ⁸	
30 ¹	25 ¹	Stern	27	1647	2084	34 ¹	34 ²	34 ³	51 ¹	50 ¹ Teler	0.40	8	131	664	53 ¹	53 ²	53 ³	53 ⁴	53 ⁵	53 ⁶	53 ⁷	53 ⁸		
51 ¹	38 ¹	Stern	0.02	1.8	1411651	51 ¹	50 ²	50 ³	51 ¹	50 ¹ Teler	0.68	1.2	1010044	573	56 ¹	56 ²	56 ³	56 ⁴	56 ⁵	56 ⁶	56 ⁷	56 ⁸		
22 ¹	19 ¹	Stern	0.24	1.6	20	564	30 ¹	20 ²	20 ³	51 ¹	25 ¹ Teler	0.40	1.4	200	294	29 ¹	29 ²	29 ³	29 ⁴	29 ⁵	29 ⁶	29 ⁷	29 ⁸	
13 ¹	11 ¹	Stern	0.64	6.6	110	12 ¹	12 ²	12 ³	51 ¹	24 ¹ Teler	2.00	51.101	603	400	39 ¹	39 ²	39 ³	39 ⁴	39 ⁵	39 ⁶	39 ⁷	39 ⁸		
22 ¹	17 ¹	Stern	0.22	1.1	73	47 ¹	27 ¹	20 ²	20 ³	51 ¹	3 ¹ Teler	1.10	41.8	2	141	25 ¹	25 ²	25 ³	25 ⁴	25 ⁵	25 ⁶	25 ⁷	25 ⁸	
51 ¹	28 ¹	Stern	0.50	1.7	62	13	35 ¹	35 ²	35 ³	51 ¹	68 ¹ Teler	1.78	21	17	3550	54 ¹	54 ²	54 ³	54 ⁴	54 ⁵	54 ⁶	54 ⁷	54 ⁸	
41 ¹	39 ¹	Stern	0.50	12	71	10	40 ¹	40 ²	40 ³	51 ¹	31 ¹ Teler	9	17	35	35	35 ¹	35 ²	35 ³	35 ⁴	35 ⁵	35 ⁶	35 ⁷	35 ⁸	
51 ¹	38 ¹	Stern	0.48	9.9	28	2861	51 ¹	50 ²	50 ³	51 ¹	27 ¹ Teler	0.11	0.5	253	144	14 ¹	14 ²	14 ³	14 ⁴	14 ⁵	14 ⁶	14 ⁷	14 ⁸	
33 ¹	22 ¹	Stern	0.66	3.0	14	31	32	31 ¹	31 ²	51 ¹	61 ¹ Teler	0.69	1.6	7	516	41 ¹	41 ²	41 ³	41 ⁴	41 ⁵	41 ⁶	41 ⁷	41 ⁸	
6 ¹	4 ¹	Stern	0.06	0.8	1063	47 ¹	47 ²	47 ³	51 ¹	47 ¹ Teler	1.12	25	18	321	36 ¹	36 ²	36 ³	36 ⁴	36 ⁵	36 ⁶	36 ⁷	36 ⁸		
44 ¹	20 ¹	Stern	10	44	46 ¹	45 ²	45 ³	-	-	51 ¹	20 ¹ Teler	0.40	20	17	41	204	20 ¹	20 ²	20 ³	20 ⁴	20 ⁵	20 ⁶	20 ⁷	20 ⁸
15 ¹	10 ¹	Stew Ind	0.30	2.4	37	2383	12 ¹	12 ²	12 ³	51 ¹	21 ¹ Teler	2.30	23	22	22	22 ¹	22 ²	22 ³	22 ⁴	22 ⁵	22 ⁶	22 ⁷	22 ⁸	
12 ¹	9 ¹	Stewby Wh	0.28	2.3	24	231	12 ¹	12 ²	12 ³	51 ¹	21 ¹ Teler	0.40	20	17	41	204	20 ¹	20 ²	20 ³	20 ⁴	20 ⁵	20 ⁶	20 ⁷	20 ⁸
75 ¹	75 ¹	Stewby Wh	1.30	42	17	866	79 ¹	78 ²	78 ³	51 ¹	21 ¹ Teler	2.30	23	22	22	22 ¹	22 ²	22 ³	22 ⁴	22 ⁵	22 ⁶	22 ⁷	22 ⁸	
22 ¹	22 ¹	Stewby Wh	0.29	4.5	17	16	16	16	51 ¹	21 ¹ Teler	0.40	20	17	41	204	20 ¹	20 ²	20 ³	20 ⁴	20 ⁵	20 ⁶	20 ⁷	20 ⁸	
51 ¹	42 ¹	Stewby Wh	0.26	2.3	24	231	12 ¹	12 ²	12 ³	51 ¹	21 ¹ Teler	0.40	20	17	41	204	20 ¹	20 ²	20 ³	20 ⁴	20 ⁵	20 ⁶	20 ⁷	20 ⁸
- V -																								
50 ¹	47 ¹	VF Co	1.44	2.5	24	2014	16 ¹	16 ²	16 ³	51 ¹	22 ¹ VFW	0.52	1.8	400	272	21 ¹	21 ²	21 ³	21 ⁴	21 ⁵	21 ⁶	21 ⁷	21 ⁸	
51 ¹	52 ¹	VFW Inc	0.20	3.2	14	162	52 ¹	52 ²	52 ³	51 ¹	21 ¹ VFW	0.20	3.2	14	162	52 ¹	52 ²	52 ³	52 ⁴	52 ⁵	52 ⁶	52 ⁷	52 ⁸	
50 ¹	52 ¹	VFW Inc	0.20	3.2	14	162	52 ¹	52 ²	52 ³	51 ¹	21 ¹ VFW	0.20	3.2	14	162	52 ¹	52 ²	52 ³	52 ⁴	52 ⁵	52 ⁶	52 ⁷	52 ⁸	
50 ¹	53 ¹	VFW Inc	0.58	1.4	30	5070	38 ¹	38 ²	38 ³	51 ¹	20 ¹ VFW	1.2	15.5	10	16 ¹	31 ¹	31 ²	31 ³	31 ⁴	31 ⁵	31 ⁶	31 ⁷	31 ⁸	
50 ¹	53 ¹	VFW Inc	0.58	1.4	30	5070	38 ¹	38 ²	38 ³	51 ¹	20 ¹ VFW	1.2	15.5	10	16 ¹	31 ¹	31 ²	31 ³	31 ⁴	31 ⁵	31 ⁶	31 ⁷	31 ⁸	
50 ¹	53 ¹	VFW Inc	0.58	1.4	30	5070	38 ¹	38 ²	38 ³	51 ¹	20 ¹ VFW	1.2	15.5	10	16 ¹	31 ¹	31 ²	31 ³	31 ⁴	31 ⁵	31 ⁶	31 ⁷	31 ⁸	
50 ¹	53 ¹	VFW Inc	0.58	1.4	30	5070	38 ¹	38 ²	38 ³	51 ¹	20 ¹ VFW	1.2	15.5	10	16 ¹	31 ¹	31 ²	31 ³	31 ⁴	31 ⁵	31 ⁶	31 ⁷	31 ⁸	
50 ¹	53 ¹	VFW Inc	0.58	1.4	30	5070	38 ¹	38 ²	38 ³	51 ¹	20 ¹ VFW	1.2	15.5	10	16 ¹	31 ¹	31 ²	31 ³	31 ⁴	31 ⁵	31 ⁶	31 ⁷	31 ⁸	
50 ¹	53 ¹	VFW Inc	0.58	1.4	30	5070	38 ¹	38 ²	38 ³	51 ¹	20 ¹ VFW	1.2	15.5	10	16 ¹	31 ¹	31 ²	31 ³	31 ⁴	31 ⁵	31 ⁶	31 ⁷	31 ⁸	
50 ¹	53 ¹	VFW Inc	0.58	1.4	30	5070	38 ¹	38 ²	38 ³	51 ¹	20 ¹ VFW	1.2	15.5	10	16 ¹	31 ¹	31 ²	31 ³	31 ⁴	31 ⁵	31 ⁶	31 ⁷	31 ⁸	
50 ¹	53 ¹	VFW Inc	0.58	1.4	30	5070	38 ¹	38 ²	38 ³	51 ¹	20 ¹ VFW	1.2	15.5	10	16 ¹	31 ¹								

Stock	Div.	Wk.	Stk	Wk.	Stk	Div.	Wk.	Stk	Div.	Wk.	Stk	Div.	Wk.										
	E.	100s	High	Low	Last	Chng	E.	100s	High	Low	Last	Chng	E.	100s	High	Low	Last	Chng					
ACC Corp	0.12	7516195	\$37.9	36.1	37.2	-.2	Dip City	1.32	11	93	47.5	47.4	47.2	-.2	Dip City	1.32	11	93	47.5	47.4	47.2	-.2	
Acciatt E	11	22032	102	101.8	101.6	-.6	Dixie	0.20	16	150	104	9	10	-.1	Dixie	0.20	16	150	104	9	10	-.1	
Acme Mills	8	48	18	17.4	17.5	-.5	DH Tech	1.45	24	24	24	24.1	24.2	+.1	DH Tech	1.45	24	24	24	24.1	24.2	+.1	
Academ Cpl	-	41	316	255	254	-.1	Digi Int'l	19	149	28.4	28.4	28.4	28.4	-.4	Digi Int'l	19	149	28.4	28.4	28.4	28.4	-.4	
AdelphiC	3030257	59.7	57.8	58	57.8	-.1	Dig Micro	30,533	112	112	112	112	112	-.4	Dig Micro	30,533	112	112	112	112	112	-.4	
ADC Total	43	5441	44.2	44.2	44.1	+.1	Dig Sound	4,2008	14	14	14	14	14	-.4	Dig Sound	4,2008	14	14	14	14	14	-.4	
Addington	12	33	144	134	141	+.8	Dig Syst	50	532	20	19.5	19.5	19.5	-.4	Dig Syst	50	532	20	19.5	19.5	19.5	-.4	
AdisaADR	0.16	12	57	26.5	26.5	26.5	-.4	Dixie Cpl	22,5182	37.2	38	37	37	37	-.2	Dixie Cpl	22,5182	37.2	38	37	37	37	-.2
Adobe Sys	0.20	3240834	41.6	40.8	41.5	-.1	Dixie Yrs	0.20	1	655	45.4	45.4	45.4	-.1	Dixie Yrs	0.20	1	655	45.4	45.4	45.4	-.1	
Adv Logic	12	545	74	72	73	-.4	DNA Plant	2.25	1	1233	32	31	30	-.2	DNA Plant	2.25	1	1233	32	31	30	-.2	
Adv Polym	15	1056	10.2	10	10	-.4	Dollar Cr	0.20	26	24	26.5	26.5	26.2	-.4	Dollar Cr	0.20	26	24	26.5	26.5	26.2	-.4	
AchTchLab	28	671	32	31.4	31.5	-.1	Dormer	0.68	20	8	14	14	14	-.4	Dormer	0.68	20	8	14	14	14	-.4	
Achusta	0.36	15	914	54.2	52.2	52.2	-.1	DrexelEnergy	17	457	25.8	25.4	25.4	25.4	-.4	DrexelEnergy	17	457	25.8	25.4	25.4	25.4	-.4
Agricola	0.10	51	47	45.8	45.8	45.8	-.4	Dresser	14	151	114	11	11	11	-.4	Dresser	14	151	114	11	11	11	-.4
AmExGr	0.20	17	1070	22.9	22.8	22.8	-.1	Dreyer GD	0.24	219	9	34.5	34.2	34.3	-.1	Dreyer GD	0.24	219	9	34.5	34.2	34.3	-.1
Alcoa ADR	1.79	9	647	58	57.5	57.5	-.3	Dreyer Emco	0.06	22	201	4.5	37	4	-.1	Dreyer Emco	0.06	22	201	4.5	37	4	-.1
AlcBld	0.88	20	403	25	24.2	24.4	-.4	DS Bazaar	0.24	12	29	30.2	29.4	30.2	+.1	DS Bazaar	0.24	12	29	30.2	29.4	30.2	+.1
Allen Org	0.52	12	2100	36	36	36	-.4	Durfee	0.52	18	4040	24.4	24	24.4	-.2	Durfee	0.52	18	4040	24.4	24	24.4	-.2
Allen Ph	14	2882	19.2	18.4	18.2	-.4	Dynastech	34	615	26.2	25.2	25.2	25.2	-.4	Dynastech	34	615	26.2	25.2	25.2	25.2	-.4	
AltCap	1.32	15	26	17.8	17.5	17.5	-.4	- E -								- E -							
AltCap	1.25	15	27	12.5	12.5	12.5	-.2	Eagle Fd	2	199	4.8	3.4	4	3.4	-.1	Eagle Fd	2	199	4.8	3.4	4	3.4	-.1
Altro C	0.32	22	450	44	34	44	-.4	- I -								- I -							
Altro Gold	0.06	26	1172	31	31	31	-.4	Emerson	0.10	29	5182	28.3	29.3	27.3	-.4	Emerson	0.10	29	5182	28.3	29.3	27.3	-.4
Altro Co	255955	51.2	48	48.4	48.4	48.4	-.4	Enron	31	1132	41.3	40.3	41.1	41.1	-.1	Enron	31	1132	41.3	40.3	41.1	41.1	-.1

Am Castle	108	17	173	334	342	352	-4
AmTroy	16	2	405	94	94	95	-2
Am Manag	35	714	27	265	265	-14	
Am Software	323537	972	53	53	53	-14	
Am Fridays	64	752	153	151	152	-2	
AmGra	0.64	17	3736	274	253	267	-14
AmGrid	2	1081	53	52	52	-14	
AmGrid	252	8	130	662	654	662	
AmParCom	16	4797	124	123	123	-14	
Am Trav	9	1751	203	197	202	-14	
Amgen Inc	2562172	556517	52	52	-14		
Amtech Cp	0.08	35	887	812	812	-14	
Analogic	0.20	26	16	20	20	-14	
Analytics	0.60	24	476	4112	394	403	-14
AnalystG	1.00	9	22	10	2103	1012	
Andrew Cp	35	4615	4832	464	473	-14	
Andros An	51	12	173	173	173	-14	
Apogee En	0.34	19	158	26	251	252	-14
APP Bio	38	1000	83	84	83	-14	
Appid Mz	1255171	405	393	392	-12		
AppleC	0.48	4	8679	243	233	-14	
Applesbees	0.05	26	2571	28	267	267	-14
Arbor Dr	0.28	19	899	204	192	193	-14
Arctico	0.24	12	121	102	10	103	-14
Argonneu	1.48	10	74	314	31	31	
ArloGestDel	0.04	2	1218	74	74	74	-14
Amor Al	0.64	202	154	154	145	-14	
Arnold In	0.44	12	985	153	154	153	
Artisoff	5	1345	9	83	83	-14	
AspectTet	45	2006	56	54	555	-14	
AST Rsrch	0	6318	74	64	64	-14	
Atkinson	28	35	112	11	112	-14	
At SEAr	0.34	15	2440	241	223	241	-14
Atmel	2525884	4243	40	41.35	-1.11		
AurusSys	48	2436	43	43	42	-14	
Autodesk	0.34	22	2882	404	394	392	-14
AutoInfo	2	28	34	33	32	-14	
AutoToteA	1	860	33	213	213	-14	
Avondale	0.92	9	178	193	183	-14	
B2B Tel	0.05	22	4360	263	253	261	-14
Eghead	95	5035	1113	104	103	-14	
SeaSca	13	731	234	22	224	-14	
SecurisB	1.49	4	46	50	50	-14	
SecurisC	30	2519	28	253	26	-14	
Seneca Acs	23	22	43	43	43	-14	
Seneca	13	368	172	163	172	-14	
ScoreCap	1.0279	33	3	34	34	-14	
SigNots	34	3	305	303	302	-14	
EntSvcs	13	10	11	11	11	-14	
Esco Inc	30	335	43	37	4	-14	
SquayOli	0.10	53	275	53	53	-14	
EntcomB	0.22	233465	212	301	21	19	-14
Ethid	26	158	93	93	91	-14	
Evans Sm	10	158	27	26	251	-14	
Ezcalite	25	2365	194	162	194	-14	
Excellair	325	357	264	252	26		
Excellair	1545	117	153	153	164	-14	
Exponent	0.12	30	873	202	23	25	-14
ExxonPaw	5	134	7	62	62	-14	
- F -							
Fair Gp	18	400	64	57	6		
Farr Cp	0.24	11	111	412	114	113	-14
Festool	0.02	49	1595	38	37	372	
FHP Int	39	3719	253	27	284	-14	
FHP Third	1.04	17	2045	54	534	534	-14
Fifth Off	1	112	172	133	132	-14	
Figgie A	0.24	58	102	134	134	-14	
Filenet	678	1881	55	532	548	-14	
First Acs	1.24	11	2234	43	42	43	-14
Fst Seccy	0.84	15	1512	24	24	24	-14
Fst Tene	1.06	13	2146	323	324	323	-14
Foment	1.08	21	52	30	30	-14	
Frostabs	32	1908	33	321	332	-14	
Frostv	22	2533	292	284	292	-14	
Flow Int	19	72	93	92	92	-14	
FordG	1.01	16	2000	31	31	-14	
FTX Cpl	14	4114	103	8	97	10	
LTMH	0.62	30	141	504	493	493	-14
- M -							
McCar	0.05	334485	237	283	28	-14	
MS Cars	22	72	192	19	191	-14	
McKell	0.60	7	173	131	134	132	-14
Madge	33	2129	291	273	274	-14	
Alpina Gpc	0.88	11	574	223	22	22	
MacBac	25	345	183	173	163	-14	
Marcus Cp	2	120	121	114	111	-14	
Marine Dr	325	1016	10	93	94	-14	
Market Dp	12	40	84	804	803	-24	
MarshSka	0.44	11	2100	124	123	124	-14
Marshall	0.74	13	1545	273	264	27	-14
Masc	481	2926	197	184	194	-14	
Moma Ht	1036	77	72	72	78	-14	
Moma Int	251598	363	355	352	35	-14	
McGran R	0.56	12	102	21	203	21	
McDermott	0.55	20	1187	221	224	221	-14
Medex Inc	0.16	51	114	124	124	-14	
Melamine	0.24	17	132	92	84	92.4	-14
Mentor Cp	0.10	27	524	24	23	231	-14
Meriti	0.24	18	7581	153	152	163	-14
MercanB	0.92	11	216	125	254	254	-14
Mercedes	4	1587	232	23	23	-14	
Mercury G	0.86	13	661	454	434	434	-14
Mersil	115481	4	35	45	48	-14	
Mesa Air	14	1194	124	114	12		
Methode A	0.18	19	650	172	164	17	-14
MFS Cm	1514786	373	362	373	374	-14	
Michelin F x	0.20	12	493	105	105	104	-14
Microage	167	3514	12	114	113	-14	
Microt	30	8271	251	235	241	-14	
Microgrdx	34	9744	164	153	154	-14	
Microt	1	90	31	31	31	-14	
Microt	3814038	187	18	18	184	-14	
Starbucks	6420075	28	284	275	275	-14	
Si Micro	19	324	167	165	165	-14	

- B -													
BEI B	0.08	32	186	121 ²	11 ⁵	12 ³	-3 ²						
Beler J	0.03	3	1108	97 ⁶	95 ⁴	84 ²	-1 ²						
Bellm B	0.32	7	656	15 ⁸	15 ⁶	15 ⁴	-1 ⁴						
BellyH/Tn	233	52	51 ⁶	51 ⁴	51 ²	-1 ²							
Benac	44	195	222 ¹	21 ⁵	21 ³	-1 ³							
BenkenCo	0.56	10	251	17 ⁴	17 ²	17 ⁴	-1 ²						
Berknerp	1.00	10	30	35 ⁴	34 ³	34 ³	-1 ⁴						
Bents Gao	0.44	14	920	25 ⁴	24 ³	24 ²	-1 ²						
Benson F	0.80	15	79	25 ²	25 ²	25 ²	-1 ²						
Bay View	0.60457	58	32 ²	32	32	-1 ²							
Baybooks	2.40	13	2961	103 ¹	101 ¹	101 ¹	-1 ⁵						
BB Aero	78	1648	116 ⁸	155 ⁶	154 ⁴	154 ²	-1 ⁴						
BeautiCus	0.42	14	17	84 ⁴	84 ²	-1 ²							
BFMkdfit	67	261	21 ⁸	21 ⁶	21 ⁴	-1 ⁴							
BendJenry	16	103	18 ²	18	16	-1 ²							
BerkleyWR	0.52	14	509	43 ⁴	43 ²	-1 ²							
BHA Grp	0.12	13	34	14 ³	14 ³	14 ³	-1 ³						
Bl loc	33	1182	134 ⁸	133 ⁶	133 ⁴	-1 ³							
Big B	0.20	70	234	103 ⁸	103 ⁶	103 ⁴	-1 ³						
Bindley W	0.08	11	10	164 ⁴	164 ²	-1 ²							
Blogeen	30815672	84 ⁶	81 ⁴	81 ²	-1 ²								
Blomet	183258	145 ⁴	144 ²	144 ²	-1 ²								
Block Drg	1.16	8	8	38 ⁴	37 ²	37 ²	-1 ²						
BMC Softw	3010168	84 ³	81 ³	82	-1 ³								
Boatmen S	1.48	11	5835	38	38 ²	-1 ²							
Boz Evans	0.32	21	182	184 ⁸	184 ⁶	184 ⁴	-1 ³						
Boyle & B	19	107	28 ⁴	25 ²	25 ²	-1 ²							
Boxford	357720	164 ⁸	157 ⁶	157 ⁴	-1 ³								
Boston Bk	0.75	5	64	42	41 ³	41 ³	-1 ³						
Boston Tc	27	7798	187 ⁸	164 ⁶	162 ⁴	-1 ³							
BradyW A	0.40	15	60	204 ⁸	189 ⁶	204 ⁴	-1 ³						
Brence	0.28	11	168	13 ⁸	123 ⁶	123 ⁴	-1 ²						
BSB Bmpc	0.88	12	71	26 ⁴	25 ²	25 ²	-1 ²						
BT Shippng	0.46	16	500	3 ⁶	3 ⁴	3 ²	-1 ²						
Bullets	165308	14	134 ⁴	133 ²	-1 ²								
BulldonT	218	4	84 ³	83 ²	83 ²	-1 ²							
Burr Brw	8	384.	19 ²	18 ²	18 ²	-1 ²							
Businessf	21	4	354	65 ²	55 ²	-1 ²							
Butterfly	0.40	11	56	38 ⁴	38	38	-1 ²						
- C -													
FoodLB	0.11	19	3034	7 ⁵	7 ³	7 ¹							
Forecast	1.08	14	56	54	52	52 ²	-1 ²						
Forscher	2	28	124 ⁸	125 ⁶	125 ⁴	-1 ²							
Foster A	7	15	37 ²	37 ²	37 ²	-1 ²							
Fat Fiel	0.60	9	1288	22 ²	22 ²	22 ²	-1 ²						
Fat Henz	1.18	11	460	29 ⁴	29 ²	29 ²	-1 ²						
Feller Hx	0.66	16	75	33 ²	32 ²	32 ²	-1 ²						
FulmerFin	0.62	13	75	18 ¹	20	20 ²	-1 ²						
FutmedADR	1	185	5 ³	4 ³	5 ²	-1 ²							
- D -													
Mid At M	15	74	204 ⁸	19 ²	19 ²	-1 ²							
MidGrain	0.50	30	182	12 ⁴	11 ²	11 ²	-1 ²						
Miller H	0.52	39	378	31	30 ²	30 ²	-1 ²						
Milicen	763	45	44	44	44	-1 ²							
Mintach	0.10	22	123	18 ⁴	17 ²	17 ²	-1 ²						
MobileTel	816744	14 ⁷	14 ⁵	14 ³	-1 ²								
Modem Co	0.24	15	12	9 ²	9 ²	9 ²	-1 ²						
Modem MF	0.60	13	1719	25 ²	25 ²	25 ²	-1 ²						
MolexA	0.06	22	1643	30 ²	29 ²	30 ²	-1 ²						
Molex Inc	0.08	23	874	32 ²	32 ²	32 ²	-1 ²						
Mosser	0.04	59	2186	8 ⁵	7 ⁴	7 ⁴	-1 ²						
Mosines P	0.32	15	110	31 ²	31	31	-1 ²						
MTS Sys	0.32	14	14	21 ³	21	21 ³	-1 ²						
Mycogen	9	511	17	16 ⁴	16 ⁴	-1 ²							
- E -													
- F -													
NAC Re	0.20	8	102	32	31 ²	31 ²	-1 ²						
Nash Frch	0.72	11	117	18	17 ²	18	-1 ²						
Nest Coop	0.36	15	127	22 ⁴	21 ⁴	21 ⁴	-1 ²						
Nets Sys	0.13	35	815	26	24 ²	24 ²	-1 ²						
Navigator	0.00	12	127	18 ²	18 ²	18 ²	-1 ²						
NEC	0.41	48	12	63 ³	63 ³	63 ³	-1 ²						
Nellcor	205	6147	49 ³	49 ²	49 ²	-1 ²							
Nestor	875	1754	7	8 ²	8 ²	-1 ²							
NestleCp	70611652	59 ²	58	58 ²	-1 ²								
Networ Gen	34	4416	44 ⁴	40 ⁴	41 ²	-1 ²							
Neurogen	28	550	30 ²	28 ²	28 ²	-1 ²							
New Image	2	273	4 ³	4 ³	4 ³	-1 ²							
Nordigen	37	348	67 ²	68 ²	68 ²	-1 ²							
Newport Cpl	0.04	20	122	9 ²	9 ²	9 ²	-1 ²						
NextelComA	7	7616	17 ⁵	17 ³	17 ³	-1 ²							
Nordon	0.72	21	67	81 ⁴	60	60 ²	-1 ²						
Nordstr	0.50	2516725	532	504	52 ²	52 ²	-1 ²						
Norsten I	15	40	27 ⁴	26 ²	26 ²	-1 ²							
N Star Us	15	10	6 ³	8 ²	8 ²	-1 ²							
NorstenT	1.24	13	4631	54 ³	53 ²	53 ²	-1 ²						
NW Air	12	3067	44 ²	43 ²	44 ²	-1 ²							
Novell	1826089	14 ⁵	13 ⁷	14 ⁵	-1 ²								
- T -													
T-Cell Sc	5	586	3	2 ³	2 ³	-1 ²							
T-Jewel Pr	0.42	20	1843	27 ⁴	28 ²	27 ⁴	-1 ²						
TBC Op	13	191	8 ²	7 ²	7 ²	-1 ²							
TCA Cable	0.50	23	363	30 ²	29 ²	-1 ²							
TCI Spa	7346744	19 ⁴	18 ²	19 ³	-1 ²								
Techneach	35	3432	20 ³	18 ²	20 ²	-1 ²							
Tektronix	1.04	9	88	52 ³	52	52	-1 ²						
Tektelec	346	4892	14 ⁴	13 ²	13 ²	-1 ²							
Telco Sys	15	347	11 ⁵	11 ²	11 ²	-1 ²							
Telitell	7	3575	8	7 ²	7 ²	-1 ²							
Telitels	41	6168	50 ⁴	55 ²	55 ²	-1 ²							
Tektron Cpl	0.01	26	1107	22 ³	22	22 ²	-1 ²						
Tetra Tec	24	161	18 ²	18 ²	18 ²	-1 ²							
TewpTecA	0.10	30	2154	44 ²	43 ²	44 ²	-1 ²						
Three Com	3925575	47 ²	45 ²	46 ²	-1 ²								
Ti	15	55	7 ³	6 ²	6 ²	-1 ²							
Ti Int	0.09	2008	201	19	19 ²	19 ²	-1 ²						

AMEX PRICES

4 pm close May 3

Stock	P/E		S/B		P/E		S/B		P/E		S/B		P/E		S/B		P/E		S/B					
	Dkt.	E	100s	High	Low	Close	Chng	Dkt.	E	100s	High	Low	Close	Chng	Dkt.	E	100s	High	Low	Close	Chng			
Academy Sports	10.00	10	100s	192	182	182	-12	Academy Sports	10.00	10	100s	192	182	182	-12	Academy Sports	10.00	10	100s	192	182	182	-12	
Academy Sports	28	80	201	410	2	192	-5	Academy Sports	0.54	18	85	152	152	151	-1	Academy Sports	0.10	21	76	145	145	145	-1	
Academy Sports	14	267	212	236	24	24	-12	Academy Sports	0.40	2	2	194	194	194	-1	Academy Sports	11	41	61	61	61	61	-1	
Academy Sports	20	96	114	104	102	102	-12	Academy Sports	0.40	2	82	182	182	182	-1	Academy Sports	0.33	24	48	48	47	47	-1	
Academy Sports	1.04	6	2100	402	402	402	-12	Academy Sports	0.53	23	7	31	30	31	+4	Academy Sports	1.06	12	93	13	12	13	-1	
Academy Sports	0.05	47	4784	124	117	117	-14	Academy Sports	9	5	218	218	218	218	+8	Academy Sports	0.16	20	31	121	121	121	-1	
Academy Sports	125	51	125	124	124	124	-1	Academy Sports	0.10	27	1801	293	293	294	+4	Academy Sports	0.05	12	54	34	34	34	-1	
Academy Sports	67	125	52	52	52	52	-1	Academy Sports	0.40	2	12	423	135	134	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	2.00	8	26	174	17	174	-14	Academy Sports	0.48	47	467	117	71	72	-1	Academy Sports	0.05	12	54	34	34	34	-1	
Academy Sports	21	122	62	62	62	62	-1	Academy Sports	0.48	26	84	121	121	121	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	7	73591	512	512	512	512	-1	Academy Sports	0.48	26	84	121	121	121	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	6	65331	172	172	172	172	-1	Academy Sports	0.48	26	84	121	121	121	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	38	5	342	032	032	032	-1	Academy Sports	0.48	26	84	121	121	121	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	0.60	11	5	25	25	25	-1	Academy Sports	0.48	26	84	121	121	121	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	0.80	13	12	282	282	282	-1	Academy Sports	0.07	38	1200	120	120	120	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	0.04	11	21	315	315	315	-1	Academy Sports	0.32	25	26	8	8	8	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	0.85	10	4181	152	152	152	-1	Academy Sports	16	182	87	87	87	87	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	0.40	17	7	224	221	224	-1	Academy Sports	13	221	18	174	174	174	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	14	374	465	465	465	465	-1	Academy Sports	0.70	18	7	281	28	281	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	4	209	24	24	24	24	-1	Academy Sports	2.00	14	4	57	57	57	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	0.38	12	85	184	181	182	-1	Academy Sports	19	630	46	45	45	45	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	1.04	23	52	195	192	192	-1	Academy Sports	82	182	57	54	54	54	-1	Academy Sports	0.10	27	1801	293	293	294	+4	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	6	57	45	45	45	45	-1	
Academy Sports	0.20	14	7	422	422	422	-1	Academy Sports	0.76	18	808	316	314	312	-1	Academy Sports	0.40	20	21	180	385	384	384	-1
Academy Sports	0.14	23	30	942	93	92	-1	Academy Sports	0.70	11	11532	173	165	172	-1	Academy Sports	3	848	137	132	132	132	-1	
Academy Sports	0.01	543	5	476	5	476	-1	Academy Sports	10	317	1	1	1	1	-1	Academy Sports	15	61	6	6	6	6	-1	
Academy Sports	0.30	16	21	234	234	234	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	16	221	214	20	20	21	-1	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.20	14	7	422	422	422	-1	Academy Sports	0.76	18	808	316	314	312	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.14	23	30	942	93	92	-1	Academy Sports	0.70	11	11532	173	165	172	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.01	543	5	476	5	476	-1	Academy Sports	10	317	1	1	1	1	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.30	16	21	234	234	234	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.20	14	7	422	422	422	-1	Academy Sports	0.76	18	808	316	314	312	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.14	23	30	942	93	92	-1	Academy Sports	0.70	11	11532	173	165	172	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.01	543	5	476	5	476	-1	Academy Sports	10	317	1	1	1	1	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.30	16	21	234	234	234	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.20	14	7	422	422	422	-1	Academy Sports	0.76	18	808	316	314	312	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.14	23	30	942	93	92	-1	Academy Sports	0.70	11	11532	173	165	172	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.01	543	5	476	5	476	-1	Academy Sports	10	317	1	1	1	1	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.30	16	21	234	234	234	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.20	14	7	422	422	422	-1	Academy Sports	0.76	18	808	316	314	312	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.14	23	30	942	93	92	-1	Academy Sports	0.70	11	11532	173	165	172	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.01	543	5	476	5	476	-1	Academy Sports	10	317	1	1	1	1	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.30	16	21	234	234	234	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.20	14	7	422	422	422	-1	Academy Sports	0.76	18	808	316	314	312	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.14	23	30	942	93	92	-1	Academy Sports	0.70	11	11532	173	165	172	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.01	543	5	476	5	476	-1	Academy Sports	10	317	1	1	1	1	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.30	16	21	234	234	234	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.20	14	7	422	422	422	-1	Academy Sports	0.76	18	808	316	314	312	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.14	23	30	942	93	92	-1	Academy Sports	0.70	11	11532	173	165	172	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.01	543	5	476	5	476	-1	Academy Sports	10	317	1	1	1	1	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.30	16	21	234	234	234	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.20	14	7	422	422	422	-1	Academy Sports	0.76	18	808	316	314	312	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.14	23	30	942	93	92	-1	Academy Sports	0.70	11	11532	173	165	172	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.01	543	5	476	5	476	-1	Academy Sports	10	317	1	1	1	1	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.30	16	21	234	234	234	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	100	45	1	1	1	1	-1	Academy Sports	0.00	15	2	171	171	171	-1	Academy Sports	14	37	1	1	1	1	-1	
Academy Sports	0.20	14	7	422	422	422</																		

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FT GUIDE TO THE WEEK

MONDAY 6

Israel/Palestine talks reopen

Israel and the Palestinian Authority begin negotiating the final status of the West Bank and Gaza Strip. They will also tackle thorny issues such as Jewish settlements in the West Bank and Gaza, borders, refugees and Jerusalem. The talks, at Egypt's Red Sea resort of Taba, follow interim agreements under which Israel has withdrawn its forces from the Gaza Strip and seven West Bank cities, and the Palestinian Liberation Organisation has revoked clauses in its charter calling for Israel's destruction. It is hoped a full peace accord will be reached in three years. However, the talks could be threatened if the Likud party leader, Benjamin Netanyahu, wins the Israeli elections.

Mexico-US friction

Mexico and the US hold their annual bi-national talks, with more than 10 senior cabinet members from either side in Mexico City to thrash out hardy perennials such as drugs and immigration. US anger in Mexico has been inflamed over the mistreatment of Mexican illegal immigrants in the US as well as by allegations that drug money laundering is rife in its financial system.

German unemployment

Figures for April are likely to show Germany's seasonally adjusted unemployment has risen further. The unadjusted figure published by the federal statistics office may well fall from 4.14m in March - 10.8 per cent of the workforce - given that an unusually bitter winter is over, a factor which particularly caused job losses in the construction industry. However, the seasonally adjusted figures look set to rise - having done so during April for the last two years.

War crimes commission

Legal experts from 34 countries meet in Geneva to work on a code of "crimes against the peace and security of mankind" (July 26). The UN International Law Commission has still to agree on the crimes. Only aggression, genocide, systematic or mass human rights violations and serious war crimes are uncontested. Wilful and severe damage to the environment may be covered too. There is no consensus on other proposed crimes including the use of mercenaries, terrorism and drugs trafficking.

Public holidays

Chile, Ireland, Japan, Lebanon, Montserrat, Syria, Thailand, UK.

TUESDAY 7

Battle to face Helms

America's North Carolina primary pits two prominent Democrats against each



Chechens from the town of Shali protest after Russian forces blockaded the town gave residents until May 9 to expel separatist rebels

other for the dubious privilege of facing Jesse Helms, the arch conservative Republican chairman of the Senate Foreign Relations committee in November.

Harvey Gant, a black former mayor, is better known because he ran against Mr Helms in 1990. However, Charles Sanders, the former head of Glaxo, the pharmaceutical company, argues that as a political neophyte he has a better chance.

British MPs reveal interests

A new and considerably larger register of British MPs' interests is published in the House of Commons. MPs will be obliged to register remuneration for outside activities that involve what are called "parliamentary services".

At least 30 Conservative MPs are expected to try to circumvent the rules by arguing that their services are not parliamentary and involve expertise irrelevant to their work as MPs.

Tadic tried for torture

The UN international tribunal for war crimes in former Yugoslavia in The Hague begins its first trial. Dusan Tadic, a Bosnian Serb, is accused of the murder and torture of Bosnian Muslims in the Serb-run Omarska camp in north-western Bosnia.

Arrested in Germany in February 1994 when recognised by Bosnian refugees, Tadic was a cafe owner and karate instructor in the town of Prijedor. In April 1995 he was extradited to The Hague, where he is one of three suspected war criminals in custody.

EU reviews beef semen ban

The EU veterinary committee considers whether restrictions should be lifted on British beef exports of gelatine, tallow and semen (to May 8).

EU energy ministers meet

European Union energy ministers gather in Brussels to renew attempts to agree proposals to liberalise the EU electricity market. Although the issue has been discussed for five years, the widely differing views of member states may still prevent ministers from reaching a common position.

WEDNESDAY 8

Votes counted in India

Ballot papers are counted in India following yesterday's third and final main phase of voting in 12 states. Results of the world's largest election are expected to be announced by Friday. More than 1.5m police and paramilitary forces have policed the elections, in which 800m people voted for 543 members of parliament.

Shankar Dayal Sharma, the president, will call the party with the largest number of votes to form a government. However, with none likely to achieve the 272 seats required, a hung parliament is predicted.

Hormone-treated beef row

The dispute settlement body of the Geneva-based World Trade Organisation meets over a US request for an investigation into the EU's ban on hormone-treated beef. Washington says the ban, since 1988, has no scientific justification and is a trade barrier rather than a measure to protect consumers. The EU, which has

filed its own WTO complaint against US trade sanctions imposed in the dispute, argues that the ban was to prevent a slump in demand - a view strengthened by the "mad cow" scare.

Football

European Cup Winners' Cup final, Brussels.

Equestrianism

Royal Windsor horse show, Berkshire, England (to May 26).

FT Survey

FT Exporter.

Public holidays

Czech Republic, France, French Guiana, French W Indies, Guyana, New Caledonia, Tahiti, Western Samoa.

THURSDAY 9

Scottish Tory conference

The Scottish Conservative party's annual conference opens in Aberdeen (to May 11) with support for the party standing at only 13 per cent in the Scottish opinion polls despite an energetic performance by Michael Forsyth as Scottish secretary. Eight cabinet ministers will address the conference, including Michael Heseltine, the deputy prime minister, and Kenneth Clarke, the chancellor of the exchequer. Three Scottish cabinet ministers will also speak: Mr Forsyth, Malcolm Rifkind, the foreign secretary, and Ian Lang, the trade and industry secretary. The conference closes with a rally addressed by John Major, the prime minister.

Friday

Peugeot Open, Spain (to May 12).

Italian parliament convenes

Italy's 13th post-war legislature convenes in the wake of the centre-left Olive Tree alliance's election victory. Initial work will be taken up in electing new speakers for the senate and chamber of deputies, the appointment of the heads of commissions and defining the number of parliamentary groups. President Oscar Luigi Scalfaro will then invite Bologna economics professor Romano Prodi to form a new government - which will only be fully operational after presenting its programme and a vote of confidence towards the end of the month.

S Africa constitution

South African parliamentarians have a last chance to wrangle over their new constitution before it goes to the constitutional court for final approval. The debate is likely to be fraught after last week's deadlock - over striking workers between the African National Congress, the majority party in the government of national unity, and its political opponents led by the National Party. If the constitution fails to secure a two-thirds majority in parliament, there is a provision for a referendum.

EU trade mission in Japan

Hardly a week goes by without a foreign trade delegation arriving in Tokyo seeking to increase sales to Japan's fast-opening domestic economy. This week, chief executives from 11 EU states will be knocking on government and trade group doors. The team will be led by Sir Leon Brittan, the EU trade commissioner, and includes suppliers of electrical appliances, telecommunications services, financial services and semiconductors.

Saturday

SATURDAY 11

Gymnastics

Men's European championships, Copenhagen (to May 12).

FT Survey

Glasgow.

Public holidays

Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Turkmenistan, Ukraine.

FRIDAY

10

Atlantic initiative in Prague

Political, business and cultural figures from the US and Europe gather in Prague for a "new Atlantic initiative" conference aimed at renewing transatlantic security, economic, cultural and political ties. The goal is to secure the admission of central European countries into Nato and the European Union and to encourage free trade between the EU and Nafta.

Japan budget bills enacted

Japan's Y75.100bn (547.8bn) budget for the year to next March is enacted, an automatic consequence of its parliamentary adoption last month. It includes the sharpest rise - 5.8 per cent - in public spending in five years, to cover debt costs incurred for the largest fiscal stimulation package in Japanese history.

Sunday

12

Football

After their crowning as English football league champions, Manchester United have a chance today to boost their stock market standing by completing the league-FA Cup double for the second time in three years. Today Manchester United play Liverpool in the Cup final at Wembley, London. Enthusiasts maintain that Manchester United's manager, Alex Ferguson, has restored the team to the heights scaled under legendary manager Sir Matt Busby.

Rugby union

Middlesex sevens, Twickenham, near London.

Triathlon

UK championships, Milton Keynes.

Public holidays

Cameroon.

Sunday

12

Athletics

IAAF grand prix meeting, Tokyo.

Compiled by Simon Strong.

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Other economic news

Day Released

Country

Economic Statistic

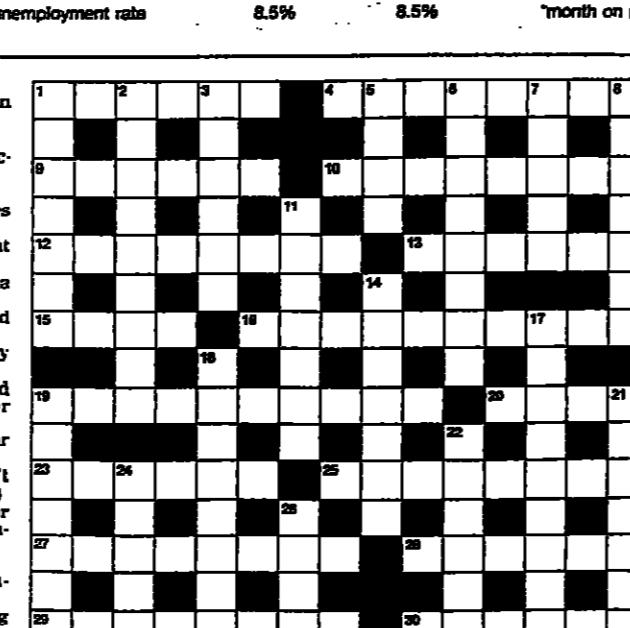
Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	Germany	Apr unemployment, West†	10,000	27,000
May 8	Germany	Feb employment, West†	-40,000	-47,000
	Germany	Apr unemployment, pan-Germany†	5,000	n/a
	Germany	Apr vacancies, West†	-	6,000
	UK	Mar housing starts	-	n/a
	Italy	Apr consumer price index*	0.5%	0.3%
	Italy	Apr consumer price index**	4.5%	4.5%
Tues	US	1st qtr productivity prelim	-	-1.0%
May 7	US	Johnson Redbook w/e May 4	-	-1.6%
	US	Mar consumer credit	\$10.0bn	\$12.0bn
	Japan	Apr trade balance (1st 20 days)††	-	Y331bn
	Denmark	Feb trade ex-ships	DKR1.7bn	DKR1.1bn
	Denmark	Feb current a/c	DKR6.0bn	DKR6.0bn
Thur	US	M1 w/e Apr 29	-53.0bn	\$3.0bn
May 9	US	M2 w/e Apr 29	-84.3bn	-\$10.0bn
	US	M3 w/e Apr 29	-57.8bn	-\$1.5bn
	US	Initial claims w/e May 4	357,000	-
	UK	Mar industrial production*	0.0%	0.4%
	UK	Mar industrial production**	0.0%	1.2%
	UK	Mar manufacturing output*	0.3%	0.1%
	UK	Mar manufacturing output**	0.3%	0.5%
	UK	Apr CBI distributive trades	-	n/a
	Switzerland	Apr unemployment rate	4.8%	4.6%
	Australia	Apr unemployment rate	8.5%	8.5%

*month on month. **yr on yr. †seas/adj. ††not seas/adj. Statistics, courtesy MMS International.

DOWN

- 1 Pride in its arrival is no sin for the parents (4-3)
- 2 She makes man target (9)
- 3 I've found it in the Greek dictionary (6)
- 4 A heavenly model (6)
- 5 A kind of tree (4)
- 6 Collected around mid-July (9)
- 7 Pocket a ball at the end of a break. Crazy! (6)
- 8 Slowly executed movement gets a soldier in trouble (6)
- 9 Came up in Pergamon (4)
- 10 Give up for a light (10)
- 11 Game in which Tom goes nap (4-6)
- 12 Highly placed at work (4)
- 13 Fighting a lawsuit (6)
- 14 A gun is off and speak to someone angrily (6)
- 15 Illicitly acquired bundle of pound notes (6)
- 16 A place where lots go (4-4)
- 17 Try to get aboard cutters (6)



MONDAY PRIZE CROSSWORD

No.9,061 Set by DANTE

A prize of a Pelikan New Classic 39 fountain pen for the first correct solution opened and five runner-up prizes of £25 Pelikan vouchers will be awarded. Solutions by Thursday May 16, marked Monday Crossword 9,061 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 2FL. Solution on Monday May 20. Please allow 28 days for delivery of prizes.

Name

Address

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SPORT / ARCHITECTURE

Mental training for the modern athlete

There is an upsurge in sales of books on sports psychology – and no wonder, says Keith Wheatley

Since the psyches of several prominent sportsmen have been severely bruised in recent times, it has been intriguing to notice a sudden clutch of books devoted to sports psychology.

Greg Norman's abrupt descent from hero to zero at last month's US Masters golf tournament, and the sensitivity of Kevin Keegan, Newcastle United's manager, to mind-games in the final stages of England's Premier League football race, must have given pause to all who tend to be sceptical when contemplating the psychological side of modern professional sport.

Interestingly, SportsPages, the London bookshop devoted entirely to sporting volumes, reports an upsurge in mind-over-matter titles.

"There is considerable growth in this sector, and what has changed most of all is that British publishers are getting into it," reports owner John Gaustad. "Most of what we used to stock in this area tended to be imported from the US or, to a lesser extent, Australia."

Growing up in Queensland, the young Greg Norman perhaps never thought to look for golf guidance in a psychology book. Yet his defeat at Augusta, when he let Britain's Nick Faldo overhaul his seemingly impregnable six-shot lead to win the tournament, was entirely due to a mental collapse – or so it is believed.

The 63 (equalling the course record) shot by the Great White Shark on the first day was entirely consistent with Norman's status as world No 1. Whatever went wrong in the intervening 48 hours happened between Norman's ears, not his shoulders.

"Golf is uniquely difficult in psycholog-

ical terms, and does lend itself to these kinds of dramas," says Dr Stephen Bull, author of *The Mental Game Plan: Getting Psyched for Sport*. "There is so much time to think in a round of golf and, because of that, endless opportunity for self-doubt and anxiety to creep in. I knew as soon as I watched Norman miss the fairway off the first tee [on his final round] that he would begin replaying in his mind the previous four occasions when he'd been in a position to win the Masters and blown it."

In fact, one of Bull's graduate students in the sports science department at Brighton university is undertaking a detailed comparison of video tapes of Norman's first and final rounds at Augusta, specifically timing what coaches term the "pre-shot routines" in each case.

Either rushing or prolonging the pre-shot sequence indicates profound stress in an experienced player. At the 13th tee on the final round, Norman's indecision seemed unbearable. "He's changed his routine by six or seven seconds," commented David Leadbetter, Faldo's coach, on television. "He's gripping the club and re-gripping it. He can't get comfortable."

One of Bull's favourite pieces of research in sports psychology was carried out at a Canadian university in the mid-1980s. It involved 20 free shots per person at a basketball hoop by two groups of students chosen for being of equal physical prowess. Skilled basketball players were first.

"The first group were just told to get on court and throw, and their results recorded," says Bull, a former chief psychopathologist to the British winter Olympics squad. "The second group were taken

aside and given a short talk on the phenomenon of choking, the phrase we use when a sportsman cannot perform his normal skills because of stress."

"It was a much less familiar term at that time, and the students were riveted by the presentation. Before they went back to the basketball court they were specifically warned not to worry about choking. Their scores were markedly lower than those of the unprepared first group."

Bull's new book is nothing if not a practical guide: a handbook for mental fitness on pitch or court full of chapter headings like *Visualisation: The Imagery Plan*, and *Anxiety Control: The Arousal Management Plan*. Bull also admits there is nothing very new in all this, revealing that one of the most ancient Japanese books was a Samurai training manual, half of which was devoted to the mental preparation of those athlete-warriors.

The upper echelons of British professional football certainly take their game as seriously as any battle. They see it as "the very h' image of war and double the cost," to paraphrase Mr Jorrocks, the fictional Victorian huntsman.

Might Kevin Keegan, Newcastle United's manager, have benefited from a sports psychology textbook as he erupted in anger last week against the plots and perfidies of Manchester United and their manager, the vastly experienced Alex Ferguson, who knows, more than anyone else in the English game, how to jangle rivals' nerves?

"As an outsider, I've no means of knowing whether Keegan's outburst was a genuine loss of control or pre-meditated," says Bull. "It could have been aimed at his

players in the manner of the pre-Aigburton speech, or Imran Khan's famous cornered delivery to the Pakistan cricket team.

What is clear is that Alex Ferguson is a very skilled psychological operator. His handling of personality like Eric Cantona (Manchester United's famed Frenchman) is an object lesson in the subject, even for professionals."

"The Steve Backley of 1990, the young man who was going to sweep up every gold medal going, seemed a distant memory," he wrote after a dismal performance in the Stuttgart world championships in 1993. "I told myself that because my preparations had been so poor and my mental



Mind-games: sceptics of sport psychology might think again after recent exchanges between Alex Ferguson (left) and Kevin Keegan

state had been appalling. I had been unprofessional. I was on a roller coaster of emotion, running myself down physically, partly as a result of my mental state."

Three years on, Backley is rehabilitated as an athlete, a likely medal winner in Atlanta. There were no gurus, just the steady application of the techniques he acquired while taking a sports psychology degree at Loughborough university. Makes you think what he might have done with a spot of adolescent visualisation.

The Mental Game Plan, Sports Dynamics, £10.95. The Winning Mind, Aurum Press, £13.95.

Is nothing safe? For 30 years the World Monuments Fund has been keeping an eye on sites and monuments around the globe and helping with their preservation. But all is not well. The world's buildings need constant attention, and many more of them are in danger than perhaps we like to think. With \$5m worth of help from American Express, a World Monument Watch has been established to help fund the conservation of a annual list of the "100 most endangered sites" on the planet. It makes extraordinary reading. Who would have thought that the Taj Mahal in India or

Monumental moves to save our heritage

A fund has been established for the conservation of the world's most endangered buildings, writes Colin Amery

Hagia Sophia in Turkey were in sufficient peril from pollution to be on the list of the world's most endangered buildings?

The object of compiling the list and exposing it to the world is to spur action and to attract more money. More than 250 sites and buildings in 69 countries were considered by an international jury. If all 100 monuments listed in the first batch were to be restored

perfectly, at least \$200bn would be needed.

What are the major threats to the buildings? Conflict and wars are the most regular and constant threats. The Balkan states, Vietnam, Lebanon, Cambodia and Georgia have all been badly scarred by war.

Neglect and development are equally threatening. Industrial pollution and over-building in our cities have resulted in considerable damage. And build-

ing on, or too close to, archaeological sites is a constant threat.

Butrint in Albania is one of the 100 listed. It is a remarkable site that remains untouched by mass tourism or development. Although monuments do survive, they often suffer in the growing modern city and lose all sense of context. More dramatically, fire, earthquake and hurricane are often responsible for ending

the lives of monuments.

The 100 buildings were chosen partly because they reflect the scale of the threat and as demonstrations of the value of immediate restoration and remedial action.

It may be surprising to learn that even in a country like Austria the famous fountains of the Belvedere gardens in Vienna are in urgent need of repair. And at Cesky Krumlov in the Czech Republic, air pol-

lution has badly damaged the sculpture.

Pollution is also the villain at the Taj Mahal, where the road traffic in Agra and the smoke from generators and trains is not controlled. A new road would alleviate the problem in addition to gradual cleaning and restoration.

There is not much environmental pollution in the hills of Tibet, but the 14th century monastic estates are in dan-

ger. In addition, the seven-storey manor house at Drach in Tibet has almost been forgotten. Overall, politics has greatly hindered the conservation of Tibet's heritage, while three decades of war and turmoil in Cambodia have almost led to the loss of parts of the Angkor archaeological district.

In Europe, the great church (now mosque) of Hagia Sophia in Istanbul is in need of repair. The dome's copper roof is cracked and roof leaks are affecting the interior and the stability of the timbers. Even the circular temple of Hercules in the Forum of Rome is suffering from eroded foundations and its marble is splintering.

The 100 list will be published later this month when grants will also be announced. World Monument Watch will choose candidates for its list until 2000. Nominations for next year's candidates will be welcome at the fund's offices in London and New York and in other cities – or you could send them to me and I will pass them on.

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THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

TODAY

Atlas Copco 'A' Sk3
Do. 'B' Sk3
Brit. Airways 914% Nts. 1997
2000
Brit. Funds 7% Treas. '01 £2.50
Halifax Bldg. Soc. 71/2% Nts. '98
273.75
HS Optimum Inc. Tst. 2.55p
Lewis (John) 101/4% Bds. '06
2102.50
Rank Organisation 0.4194
Stan. Elect. Comm. Victoria Gtd.
Nts. '07 A512.180
Whitbread 714% Unsec. Ln.
1995/9 53.625

TOMORROW

Abbey National 14.5p

Brit. Funds 914% Conv. 2003
2.875
Brit. Petroleum 4.25
Do. A.D.R. 0.9759
Do. A.D.S. 0.9759
Church & Co. 11.5p
Cossor (T) 1.81p
EFT Grp. 1.5p
Fleming Natl. Res. Inv. Tst.
0.54p
Hibernian 10.1p
Holiday Chemical 3p
Jardine Strategic Conv. Pt.
(Bermuda) 75
Do. Conv. Pt. (Jersey) 75
Do. Conv. Pt. (Singapore) 75
Do. I.O.R. 575
Lloyds Abbey Life 14.2p

WEDNESDAY MAY 8

Anglo Am. Inds. Corp. R3.85
Capitol Pizza 2.4p
Central Properties Centres 4p
Chesterfield Int'l. 1p
Fife Indmar 2.3p
Kalon Grp. 3.2p
Mercury World Mining Tst 1p
Nippon Paper Inds. 6.3% Nts.
'97 Y610,000

Nottingham Gas Ann. £1.625

Novo Nordisk AS DK5

PTS 2.4p

Sanderson Fds. Issuances 71/2%

Sub. Bds. '96 \$375

SKF (AB) Skd.25

Sumitomo Metals Inds. 71/2%

Bds. '99 Y712,500

Transatlantic Hedges. 7.9p

Wimpey (George) 3.5p

Yorkshire Food 3p

Loyds Abbey Life 14.2p

THURSDAY MAY 9

Appleyard 3.1p

Birmingham Mid. Bldg. Soc.
FRN '99 £156.76

Brighton Properties 2.5p

Torex 1.25p

Trade Indemnity 1.4p

Volvo (AB) Sk4

Do. B SHS. Sk4

WSP Grp. 1.1p

ZENECA Grp. 19.75p

FRIDAY MAY 10

Agricultural Mort. 111/2% Nts. '96

£113.75

American Express \$0.225

Armour Tst. 0.46p

Do. Sub-SHS F10.352

BNL Inc. F1.96

Do. Sub-SHS F10.196

Ropner 4.75p

Trafford Park Estates 1.05p

SATURDAY MAY 11

First National Bldg. Soc.

IRE5.75

P & P 2p

Dairy Farm Int'l. Conv. Cum. Pf. \$65

Do. Conv. Cum. Pf. (HK) \$65

Do. Conv. Cum. Pf. \$65

Coastal Agency 6p

Coast S.R. 1p

Gibbs & Dandy 2.1p

Govett Am. Smaller Co. Invs.

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Travel News · Roger Bray

Passengers take off
If you've been finding it more difficult to get the flight you want in recent weeks, the monthly results from the Association of European Airlines may explain it.

According to the 25-member association, passenger numbers on European routes rose 10 per cent and aircraft were 63 per cent full on average.

But over the North Atlantic, where traffic rose 12.1 per cent, they were on average 80 per cent full, something not

seen before outside the peak leisure travel months of June-September.

Warning on Ecuador

Violent crime has increased in Ecuador, warns the UK Foreign Office. Visitors should avoid travelling by road at night and pickpockets are a hazard, especially in the steep cobbled streets of Quito's colonial heart.

In addition, travellers with time to spare should not be tempted to take in the view from Cerro Pancecillo to the west of the city. The excellent South American Handbook

without which no-one should venture to the region, has been advising for some time against walking up to the observation platform there, noting that assaults are common.

Jamaica curbs eased

Relaxation of safety restrictions by the US Federal Aviation Administration has allowed Air Jamaica to aircrash its new Airbus A310

aircraft on routes to the US and London. The airline was forced to delay their introduction because

Jamaica's civil aviation department failed to satisfy the FAA that it was meeting international standards. Now

that the FAA is happy, flights from London start on May 11.

Cirilic cuts a deal

The high price of the French franc has prompted a cut-price offer at the Paris Hotel de Cirilic. Business travellers needing to spend two nights there this month - and able to take their partners - will pay FF2,900 (2374) per person including breakfast and a bottle of bubbly. That is a saving of FF400 on the normal corporate rate.

RA's smoke signals

BA passengers to North America should check whether smoking is allowed, as BA has

just imposed a smoking ban on some flights to 31 US gateways and to seven in the Caribbean. But smokers will still be indulged on some 20 transatlantic services to cities where the airline flies more than once a day.

And smoking will still be permitted on Concorde flights to New York and Barbados. However, more services look likely to become smoke-free - BA is testing customer reaction to a ban on the London-Madras-Singapore run and on flights to South Africa and the Middle East.

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OPENINGS

MUNICH

The centrepiece of this year's Munich Biennale is "Marco Polo", a new opera by Chinese-American composer Tan Dun. Set to a libretto by Paul Griffiths, it will be premiered tomorrow at the Muffathalle. The Biennale also includes contemporary music concerts and discussions.

The Haus der Kunst is showing the Costakis collection of Russian avant-garde paintings (right). This is one of the most extensive collections of work by Chagall, Popova, Malevich and other early 20th century Russian artists. The exhibition opens on Friday, and runs in tandem with a retrospective of the German Impressionist painter Lovis Corinth.

BARCELONA

Futurism – one of the most daring and polemical movements of the early 20th century – explored the impact on art, or movement, energy, mechanical rhythms and manufactured materials. An exhibition opening on Wednesday at the Museu Picasso includes a wide range of paintings, drawings and documents relating to the movement.

AMSTERDAM

Over the next four years, the Van Gogh Museum plans to exhibit its entire collection of Vincent van Gogh's drawings. The first instrument, opening on Friday, covers the years 1880–1883, when Van Gogh developed from a hesitant beginner to a confident and imaginative draughtsman. Being sensitive to light, the drawings are rarely exhibited, so this is a unique opportunity to see and compare all the works from a specific period.

ARTS

LONDON

The Victoria and Albert Museum is marking the centenary of the death of the influential British designer William Morris (third from right, with his family) and the Burne-Jones family with a survey of his life and work. Morris's extraordinary versatility can be traced through more than 500 works of art, ranging from embroidery, tapestry, carpets and stained glass (right) to paintings and furniture. The exhibition opens on Thursday and is sponsored by Pearson, owner of the Financial Times.

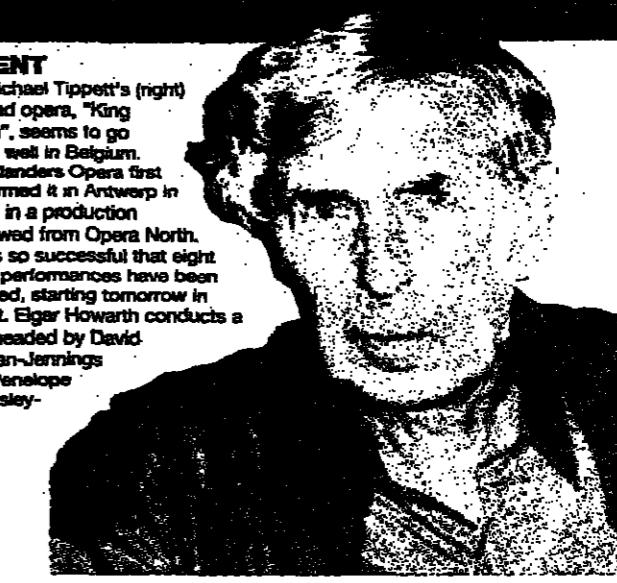


The latest production by Peter Hall is "Mind Made for Me", opens tomorrow at the Haymarket Theatre and stars Felicity Kendal.

Meanwhile, Hall's staging of Oscar Wilde's "An Ideal Husband" transfers this week to the Old Vic, with a new cast. The previous cast will take the production to New York.

Ghent

Sir Michael Tippett's (right) second opera, "King Pham", seems to go down well in Belgium. The Flanders Opera first performed it in Antwerp in 1992, in a production borrowed from Opera North. It was so successful that eight more performances have been planned, starting tomorrow in Ghent. Eiger Howarth conducts a cast headed by David Pittman-Jennings and Penelope Walmley-Cash.



Anastasia reborn

Clement Crisp hails a revival of MacMillan's masterpiece

Anastasia was a ballet close to Kenneth MacMillan's heart – and to his psyche. The 1971 Covent Garden production was his second full-length ballet. His *Romeo* of 1955 was a conventional three-acter, its narrative sustained by Prokofiev's realisation of Shakespeare. With *Anastasia*, MacMillan turned away from convention. Here was a ballet inspired not by literature but by history, by the tragedy of a woman still living. Anna Anderson claimed she was the Grand Duchess Anastasia, escaped from the Bolshevik massacre of the Russian Imperial family.

MacMillan's concern to bring emotional authenticity into the ballet theatre, to break the Petipa-monod after a century of dance-as-unreal, found its first expression in *Anastasia* and the portrait of the Romanov court in its last days. It pressed his more assured treatment of a similar theme (an extraordinary family in extraordinary circumstances) in *Mayerling* seven years later. In *Anastasia*, as in *Mayerling* and so many others of his ballets, MacMillan looked at a recurrent theme of his creativity: a personality isolated, at odds with the world.

Anastasia's genesis is well-known. Director of the ballet at the Deutsche Oper in West Berlin from 1966 to 1969, MacMillan was in several ways a man cut off from the world around him. Berlin was even a city isolated in a mimical setting. MacMillan had a chosen few colleagues with him, including his favoured ballerina Lynn Seymour, and it was for her that he made a one-act *Anastasia*, which studied the anguish of a woman who finds herself in a Berlin hospital, uncertain of her identity, and gradually – through the terrors of memory – asserting that she is the miraculously survived *Anastasia*. (In the ballet, the woman's first steps are to tread along the lines of the floorboards in her room: these are her real truth.)

This production was a triumph of expressionist dance, a triumph for Seymour. Her portrait of Anna Anderson, fleeing through nightmare, was for me the greatest thing this great artist ever did. Returned to London in 1970 to become director of the Royal Ballet, MacMillan's first major creation for his company (and for Seymour) was the expanded *Anastasia* of 1971. To explain Anna Anderson, to identify the woman whom she thought she was, MacMillan showed the child Grand Duchess with her family in Act 1, surrounded by love, by the fears



Viviana Durante: touching and fragile as Anna/Anastasia

True then, these words remain so now, with the restoration of *Anastasia* to the Royal Ballet repertoire after 18 years. MacMillan had long contemplated bringing the piece back, but with the editing which he knew was needed – slight cuts in the Tchaikovsky score which would avoid those longeurs and repetitions which he was obliged to make for the music's sake. His widow, Deborah MacMillan, and the ballet's director, Anthony Dowell, knew what was intended with the collaboration of Monica Parker, MacMillan's notator, and of Lynn Seymour as coach, a revised text was shown to us on Thursday when *Anastasia* returned to the stage.

It is a ballet I loved in its original, and watched constantly. I salute this new version, which differs only in the smallest detail through welcome and skilled musical editing by Barry Wordsworth, as a triumphant restoration of a tremendous ballet. (The one extended cut is of the fugue at the end of the first act: it is wholly beneficial.) The staging honours MacMillan's intentions absolutely. It shows off the Royal Ballet as a strong, sensitive ensemble – as did the first production.

The significant change comes with the new design from Bob Crowley (who worked with MacMillan on *Caroussel* at the National Theatre). The first act now takes place on the Imperial yacht, instead of on the Baltic coast, catching exactly the world we see in the film of the Tear and his family which features in Anna Anderson's memories. The ballroom setting is placed against a structure suggestive of the Winter Palace. The third act is a grey box with invisible doors, which exists as background throughout the ballet, a foreshadowing of Anna's mind, and is superbly right.

Costuming is admirable, glamorous for the court; beautiful and simple for the women of the imperial family. An admirer of Barry Kay's work, I find Crowley's work no less convincing.

There will be time to discuss this staging and the fine quality of the ensemble after further viewings. In the first night cast, Viviana

Durante was Anastasia/Anna. Her child princess was touching, fragile, and experience will teach her how to dominate – as Seymour dominated by her sense of questioning the society around her – the second act ball. In the third act, Durante was very fine indeed. Utterly unlike Seymour in physique – edgy, quick-accented in dynamics, in movement – she yet conveys the distress, the blind impetus of that headlong flight, actual as well as psychic, which drives Anna towards self-knowledge. Proof of Durante's quality comes in the last moments. As she circles the stage in her bed, we believe her as we believed Seymour and know that this is *Anastasia*. No further praise is needed. I salute the other performances, notably Adam Cooper as Anna Anderson's husband, and the conducting of Barry Wordsworth, and the orchestral playing. A major work of art is returned to us.

Sponsored by the Friends of Covent Garden. Further performances on May 6, 7, 9, 13, 14, 15.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT

Concertgebouw

Tel: 31-20-5730573

• Radu Lupu: the pianist performs works by Beethoven and Schubert; 8.15pm; May 7

ANTWERP

CONCERT

De Singel Tel: 32-3-2483800

• Symfonie-Orkest van de Munt: with conductor Antonio Pappano and soprano Anja Silja perform Schoenberg's *Erwartung*, Op.17 and *Kurzfristige Nacht*, Op.4; 8pm; May 8

BERLIN

CONCERT

Philharmonie & Kammermusiksaal

Tel: 49-30-2614383

• Wiener Philharmoniker: with conductor Riccardo Muti perform works by Mozart and Bruckner; 8pm; May 7

DANCE

Staatsoper unter den Linden

Tel: 49-30-2082861

• Raymonda: a choreography by Nureyev after Petipa to music by Glazunov, performed by the Ballett unter den Linden; 7pm; May 10

EXHIBITION

Berlinsche Galerie – Martin-Gropius-Bau Tel: 49-30-254860

• 100 Zeichnungen – Ausgewählt aus der Graphischen Sammlung der Berlinischen Galerie: exhibition of 100 drawings from the museum's collection, spanning the period from the end of the 19th century to the present; from May 10 to Oct 13

Neue Nationalgalerie Tel: 49-30-2662682

• Aetas Mutations: exhibition of works by the Italian artists Gilberto Zorio, Vittorio Messina, Luigi Stolze and Annibale Cunoldi. The show is held on the occasion of the Italian presidency of the European Community; to May 9

THEATRE

Deutsches Theater und Kammerspiel Tel: 49-30-2824238

• King Richard II: by Shakespeare (in German). Directed by Thomas Langhoff and performed by the Deutsche Theater. The cast includes Frieder Dörr, Jutta Wachowiak, Thomas Beding, Volker Kleinhert and Otto Mellies; 8pm; May 8

CAMBRIDGE (US)

EXHIBITION

Busch Reisinger Museum

Tel: 1-617-495-9404

• Lyonel Feininger in Germany:

1887–1937: the American artist Lyonel Feininger lived most of his life in Germany, first travelling there when he was 16 years old to study violin and remaining as a successful artist until after the Nazis came to power. The exhibition, primarily

drawn from the museum's collection, traces the evolution of Feininger's themes and style. The display includes cartoons, sketches, drawings, paintings, prints, photographs, letters, and ephemera; to May 12

CAPE TOWN

CONCERT

City Hall Tel: 27-21-4817084

• The Cape Town Symphony Orchestra: with conductor David Tidmarsh and viola-player Jürgen Schwietzler perform works by R. Schumann, Walton and Beethoven; 8pm; May 9

FLORENCE

OPERA

Teatro Comunale

Tel: 39-55-21158

• Elektra: by R. Strauss.

Conducted by Claudio Abbado and performed by the Berliner

Philharmoniker and the Coro del Maggio Musicale Fiorentino. Soloists include Deborah Polaski, Marjana Lipovsek, Karita Mattila, Reiner Goldberg and Ferruccio Furlanetto; 8.30pm; May 8

GENEVA

CONCERT

Victoria Hall Tel: 41-22-3283573

• Izhak Perlman and Bruno Canino: the violinist and pianist perform sonatas by Mozart, Fauré and Franck; 8.30pm; May 7

HELSINKI

EXHIBITION

Opera House Tel: 358-0-403021

• Helsinki Ballet: perform the choreographies Etudes by Lander, Forgotten Land by Kylian and The Second Detail by Forsythe; 7pm; May 8

INDIANAPOLIS

CONCERT

Warren Performing Arts Center

Tel: 31-2-72003744

• Indianapolis Symphony Orchestra: with conductor Raymond Leppard and mezzo-soprano

Frederica von Stade perform works by Massenet, Chausson, Cantaloube and Ravel; 8pm; May 9 (7.30pm), 10, 11

LONDON

DANCE

Royal Opera House – Covent Garden Tel: 44-171-2129234

• Anastasia: a choreography by Kenneth MacMillan to music by Tchaikovsky and Martinu, performed by the Royal Ballet. Soloists include Debora Bull, Sarah Wildor, William Trevitt and Genesia Rosato; 7.30pm; May 7

POP-MUSIC

Wembley Stadium, Arena and Congress Centre Tel:

44-181-9001234

• Lou Reed: performance by the American singer/guitarist; 7.30pm; May 8

THEATRE

Barbican Theatre Tel: 44-171-3638891

• Romeo and Juliet: by Shakespeare. Directed by Adrian Noble and performed by the Royal Shakespeare Company. The cast includes Christopher Benjamin, Susan Brown, Julian Glover and

Michael Gould; 7.15pm; May 7, 8, 9 (also 2pm)

MILAN

DANCE

Teatro alla Scala di Milano

Tel: 39-2-72003744

• Giselle: a choreography by Barbirolli/Perrot to music by Adam, performed by the Corpo di Ballo del Teatro alla Scala; 8pm; May 9, 11 (also 2.30pm)

Teatro Carcano Tel: 39-2-55181377

• Highland Flings: a choreography by Matthew Bourne, performed by Adventures in Motion Picture.

Soloists include Scott Amber, Maxine Fong, Emily Piercy, Andrew George and Rosemary Allen. Part of the Milano Festival; 9pm, Sun 3.30pm; from May 7 to May 12

MUNICH

EXHIBITION

Ville Stuck Tel: 49-89-4555510

• Franz von Stuck und die

Photographie. Inszenierung und Dokumentation: this exhibition focuses on the photographic studies made by Franz von Stuck in preparation of his paintings. The display includes some 300 original photographs made by Von Stuck between 1888 and 1925; from May 9 to Jul 7

NEW YORK

AUCTION

Christie's, Manson & Woods

International, Inc.

Tel: 1-212-546-1000

• Contemporary Art: highlights of the sale include the abstract expressionist paintings "Mailbox" by

Willem de Kooning and "Something of the Past" by Jackson Pollock, which are on sale on May 7. The sale on May 8 features 113 works from the estate of Henry Geldzahler, including works by David Hockney and Francesco Clemente; 7pm; May 8 (10am & 2.30pm)

PARIS

OPERA

COMMENT & ANALYSIS



Michael Prowse · America

Free from royals

Remnants of a feudal past seem harmless but constitutional arrangements affect the tone and character of a society

One of the attractions of the US is the absence of a royal family. Americans irritated by the antics of Bill and Hillary Clinton have the consolation of knowing the first family will be back in Arkansas by 2001 at the latest, and possibly much sooner. The British are stuck with the Windsors for the indefinite future.

The royal family is merely the most visible symbol of an archaic constitution. The Queen stands at the apex of a large aristocracy. Her loyal subjects must put up not just with her ill-disciplined family but with hundreds of lesser grandees: dukes and duchesses, earls and countesses, lords and ladies.

The people are graciously permitted to vote for members of the House of Commons. But they still have no say in the composition of the House of Lords, in which hereditary peers, along with assorted bishops and political appointees, still pontificate on the nation's problems.

These remnants of a feudal past may seem harmless enough. Unlike Mr Clinton, the Queen has little real power except, perhaps, to choose a prime minister in a hung parliament. The House of Lords is largely for show, having only limited ability to delay legislation. The monarchy and aristocracy help to boost tourist revenues and provide harmless sport for the tabloids. Why waste time on these quaint superficialities when the nation faces genuine problems, such as high unemployment and low educational standards?

It is true that people would gain more in the short run from a lower jobless rate than from the abolition of the monarchy. But, having lived in the US, I believe constitutional arrangements do matter because they affect the character and tone of a society. They affect the way people think of themselves and interact with others. It is impossible – and undesirable – to try to guarantee people equal incomes or wealth: these must

depend on effort and talent.

But, on the eve of the 21st century, people ought to be accorded equal dignity and an modicum of luck can still take you almost anywhere.

This gulf in attitudes and opportunities reflects differences in the emphasis placed on market forces as opposed to status and tradition in the US and UK. Many people – especially leftwingers – remain suspicious of markets, regarding them as a mechanism by which the rich oppress the poor. But, in reality, nothing promotes social mobility faster than free markets. What matters in market exchange is the ability of participants to perform specific tasks today: school, class and family background are strictly irrelevant. But in societies that suppress market mechanisms, everything depends on status and rank: on who you are and on whom you know.

In the 1980s the Thatcher government began to modernise British social life by deregulating the economy and encouraging entrepreneurship. Unfortunately, Mrs Thatcher lost power before dealing with the most hidebound sectors such as the legal system. But, for obvious reasons, the Tories were not able to tackle directly the class distinctions that have their origin in the feudal divi-

nation becomes ever more diverse. Energy, ambition and a modicum of luck can still take you almost anywhere.

Judging from opinion polls, Mr Tony Blair's Labour party will form the next UK government. If so, rather than trying to reverse the economic advances of the 1980s, it should try to complement them with long overdue constitutional reforms.

The UK would undoubtedly be a healthier society if it could agree to abolish the monarchy (and all lesser titles) and replace the House of Lords with an elected assembly. At some point, the British people must learn to regard themselves as citizens rather than subjects. They must learn that no family is intrinsically more deserving of respect than any other and that nothing should be determined by the mere accident of birth.

Unfortunately, the likelihood that Labour would have the nerve to press for radical reform is slim. Privileges are hard to dismantle because people are bought off so easily: look at how readily left-wing Labour supporters accept life peerages. Nor do I favour dictatorial measures: if dukes, earls and knights are childlike enough to get pleasure from their titles, perhaps they should be allowed to keep them. But, if so, Labour should at least press for the democratisation of titles. Pass a simple law allowing anyone to register any title that pleases him or her, and insist that new title-holders should not be discriminated against.

Imagine the fun. Within a few years we might have a hundred Dukes of Westminster and a thousand Earls of Surrey. I might even put in for a modest title myself: emperor of somewhere.

As the number of titles multiplied, their intrinsic absurdity would become obvious. And then, perhaps, the silly practice might be abandoned. This would not extinguish class distinctions overnight, but it would be a step in the right direction.



Heads of state: US voters know that Bill Clinton will be gone by 2001 at the latest, but Britons are stuck with the Windsors

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LETTERS TO THE EDITOR

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Little common sense in denying women jobs in favour of young men

From Ms Mary Creagh.

Sir, Having just suffered my second burglary in five months I am as anxious as anyone to find solutions to the problem of unemployed young men who turn to crime.

What a pity then, that Martin Wolf's piece ("Jobs for the boys", April 30) ended with the lazy suggestion that women's employment opportunities should be curtailed to allow low-skilled men access to their jobs.

Leaving aside the moral unfairness of punishing the law-abiding majority (women) in the interests of the law-breaking minority, Wolf ignores two significant facts.

First, equality of opportunities between the sexes in the employment field is guaranteed by law in Britain. Disadvantaged young men already have the opportunity to work in the low-paid, part-time service jobs which women often occupy. The fact is that they choose not to.

Second, women, in theory, have the opportunity to supplement their income through crime. They, in turn, choose not to.

More research into the cultural differences that shape men and women's attitudes to work is what is required, not some "common sense" solution that penalises millions of women workers in the UK for crimes they have not committed.

Mary Creagh,
228a Benwell Road,
London N7 7BJ, UK

From Ms Shelby Matthews.

Sir, Martin Wolf's article was not politically incorrect. It was an outrage and insult to all women. His only saving grace was that he didn't beat about the bush. His proposal was quite clear: policymakers should make part-time work unattractive with the specific aim of reducing the number of female workers in order to make way for unskilled young men.

And it gets worse. Why does Wolf think that women should relinquish their hard-iron and still lowly position in this way? For three reasons. That these poor young men find themselves increasingly unable to play the traditional male role including being *reliable and useful fathers* (my italics).

Second that they are even unable to obtain access to the most common luxuries". And third, Wolf's biggest fear, that the growing inequality between top male earnings and earnings of those at the bottom of the pile is turning these young men to crime. In contrast, women "are relatively unlikely to become dangerous criminals".

Is any comment required? Yes, I am thinking of turning to crime and you can guess my first act.

Shelby Matthews,
162 Chaussee de Haecht,
Brussels 1030. Belgium

From Mr David Macdonald.

Sir, It was good to see Martin Wolf arguing that it is only "common sense" to help young men of limited talent and disadvantaged backgrounds find worthwhile jobs".

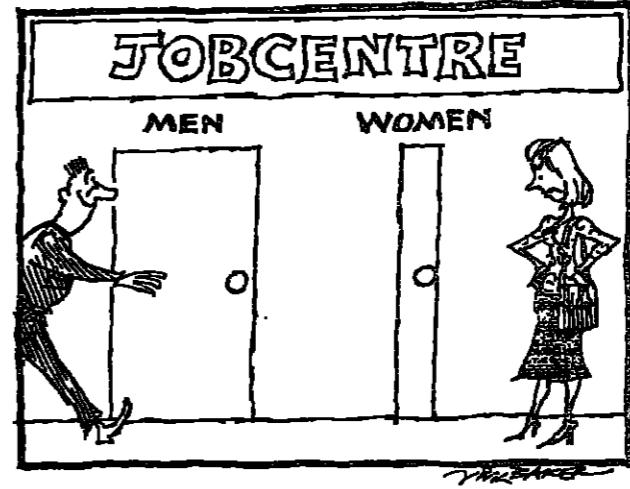
However, as women's

aspirations will not be denied, other solutions must be found urgently, given the renewed rise in crime, with "offending... predominantly a young male occupation", according to a Confederation of British Industry report.

More radical solutions are needed than changing part-timers' regulations. Two further employment solutions need to be considered: first, a UK New Deal programme for young men, which should include programmes to renew and improve the public transport system, the housing stock, the infrastructure, including water supply, and

to help young men of limited talent and disadvantaged backgrounds to find worthwhile jobs, and this is one of the most challenging problems facing the western societies today. We need to remember that once

criminality takes root, it is very difficult to excise it even when prosperity returns. Perhaps the government should initiate an employment guarantee scheme at, say, 80 per cent of the going market wage rate to absorb the unemployed. This needs to be coupled with provision of increased opportunities for training in high technology



the environment. Second, National Lottery funds should be properly channelled to create jobs in the volunteer sector and in the care sector, which are both growth areas.

In addition, while the prevailing orthodoxy is that training does not create jobs, disadvantaged young men will not be taken on by employers if they lack basic skills. There needs to be an extensive training programme in this area linked with guidance and support and, where appropriate, temporary accommodation; a programme that used to be given to apprentices and trainees in the now defunct nationalised industries. Such measures would show that we were prepared to invest properly in the young, tomorrow's workforce.

Don Macdonald,
chief executive,
Foyer Federation for Youth,
91 Brick Lane,
London E1 6QN, UK

From Ms Anne Rusing.

Sir, Single, white, female – am I to become a dangerous criminal to be further entitled to salaried work? Or is salaried full-time motherhood on Martin Wolf's well-hidden agenda?

Anne Rusing,
Bolstraat 87,
NL-2585 XP, The Hague,
The Netherlands

From S.K. Rao.

Sir, Martin Wolf has a good diagnosis but an appalling solution. The growth of women's employment has brought many benefits – a greater sense of equality, a redefinition of the gender relationship at home. In any case, why should women suffer in order to promote security for the well-off?

Wolf, however, is absolutely right that a way must be found

vocations both on-site and off-site. Could the corporate sector be persuaded to set aside a sum of money for the purpose of training so that the threat of crime does not threaten social order?

S.K. Rao,
5 Maresfield Gardens,
London NW3 5SJ, UK

From Mr B. Rustchynskyi.

Sir, "He who cries sheep..." Would Martin Wolf care to comment?

A male/female employment ratio approaching 1:1 in a mature economy indicates no bias and equal employment opportunities, as supported by the article's figures.

Should discrimination be applied to shift employment ratios in favour of ill-equipped and poorly educated men – the "unskilled" to use his reference?

Logically the enlargement of an unskilled, uneducated male sector in the workforce will radically improve the prosperity and economy of the UK as a whole.

Perhaps Wolf advocates "the daffy workforce the better".

B. Rustchynskyi,
director,
ADM,
Paragon Industrial Units,
Smithybridge Road,
Littleborough,
Lancashire OL15 8QF, UK

From Ms Johanna Ryan.

Sir, I agree with Martin Wolf that "More jobs for the boys" hides a truth in much the same way as women wearing short skirts are to blame for being raped: men cannot reasonably be expected to take responsibility for their violence. Upon such Swallow tenets should our sister society be devised.

Johanna Ryan,
31 Donaldson Road,
London NW6 6NE, UK

From Mr G.W.H. Swallow.

Sir, The technological advance in advertising which was reported in the article "TV viewers urged to take control in DIY advertising" (May 1) is exciting news indeed.

One hopes that the advertisers will indicate which of the choices is the "boring option" in order to help those of us who would find a fish tank more interesting in the ads.

G.W.H. Swallow,
Beach Cottage,
Chapel Lane,
Westhumble,
Dorking,
Surrey RH5 6AJ,
UK

If it's a howler, many are guilty of it

From Mr Roger Bootle.

Sir, In his review of my book *The Death of Inflation* (April 18), Sir Samuel Brittan accused me of "a howler". My supposed mistake was to say that changes to particular prices, emanating from technological or competitive factors, can have an effect on the general price level. But if this is a howler, it is one of which some of the greatest names in the subject have been guilty.

The sharp rises in oil prices in 1973 and 1979 and the near-doubling of VAT in 1979 are perfect examples.

According to monetarist dogma, those were simply increases in particular prices with no significance for the overall price level. Other prices would fall to compensate. But in practice they did not.

Reconciling such price behaviour with monetary theory involves recognising that demand for money may be variable and the supply of money is not a datum. Indeed, because it is a function of

credit demand, it may directly respond to factors emanating from the real economy. Saying that this *can* happen is not the same as saying that it always happens. This has to be argued out with regard to particular circumstances.

But after the experience of the past 15 years you would have thought that Sir Samuel would have recognised that the textbook notion of rigidly fixed money supply confronting a stable demand for money is, to put it mildly, somewhat adrift of reality.

Of course, even where a general movement in the price level is set off by particularly large price changes (such as the oil price increases) there is then the question of whether the monetary authorities adequately resist the inflationary pressure or give in to it.

This is often discussed in terms of whether the authorities will "print enough money to finance it" or whether the inflation will be

brought to an end by a shortage of money. But in 1973 an upsurge of inflation was successfully resisted by 17 per cent interest rates even though sterling M3 continued rising rapidly. Inflation was reduced not by a shortage of money, but by the effect of high interest rates and an over-valued exchange rate. The achievement of low inflation clearly requires that the monetary authorities target some nominal variable, but it does not have to be "the money supply". Even Sir Samuel's hardly personal Money GDP, might conceivably do the job adequately.

But on this aspect of the issue, I suspect that Sir Samuel Brittan is closer to my position than the curmudgeonly tone of his review suggested.

Roger Bootle,
group chief economist,
HSBC Holdings,
Thames Exchange,
10 Queen Street Place,
London EC4 1BQ, UK

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Monday May 6 1996

Dayton in danger

"The fate of the Dayton peace accords hangs in the balance." So said former US Senator George Mitchell, Bill Clinton's peace-maker extraordinary and (some say) his next secretary of state, at a press conference in Sarajevo on Saturday.

Mr Mitchell is right. The Nato-led Implementation Force (Ifor) has been putting itself on the back because the military provisions of the accords have been implemented more or less on schedule. That is, the fighting has stopped and the forces of the three parties - Bosnian government, Bosnian Croats, Bosnian Serbs - have withdrawn behind the agreed lines. But that was far from being the whole of the agreement.

On paper at least, the "fundamental objective of Dayton" was, as Mr Mitchell says, "the peaceful reintegration of Bosnia and Herzegovina as a multi-ethnic society". Refugees were to go home. Freedom of movement, and of expression, were to be re-established throughout Bosnia in preparation for elections, to be held in late August or early September.

Maintaining order

This is not happening. Refugees are not being allowed to return to their homes, or even to visit the graves of their relatives. In some cases they are stopped not by local militia but by Ifor itself. Ifor is rightly anxious to forestall outbreaks of violence. Yet by doing this, it has taken responsibility for the maintenance of order.

Admiral Leighton Smith, Ifor's commander, is determined to avoid crossing the "Mogadishu line" which separates peace-keeping from law enforcement. (The line is so named after the fiasco of 1993, when US troops were humiliated by a Somali warlord.) His men, the admiral keeps saying, are not in Bosnia to undertake police work. That is supposed to be the job of an international police task force, under the authority of the UN (cast, as usual, in the role of scapegoat).

The truth is, however, that the IPTF has neither the men nor the mandate to do the policing itself. It is there to advise and help train the local police forces, which remain firmly under the control of

Reforming the National Lottery

The saddest commentary on the present government is that Mr John Major is said to regard the National Lottery as one of his foremost achievements. Perhaps mass escapism is his best chance of re-election. But it should not disguise from more sober souls the case for reforms to make the lottery more democratic and less harmful to the interests of the less well-off who are its principal participants.

Governments cannot ban adult gambling in a free society, and little is to be gained from the attempt. Like drinking and smoking, gambling is an age-old practice providing many people with great pleasure. The ill effects of indulging to excess must be left largely to individuals and families to address for themselves.

It is a radically different proposition to throw the full weight of the state behind encouraging a practice producing social evils - which is the net effect of creating the National Lottery as a state monopoly, complete with a weekly prime-time draw on BBC television. But this pass has been sold, for a while at least. With two-thirds of the population regularly participating, it is pointless now to call for the lottery's abolition.

Disguising the facts

However, the disinformation about the supposedly benign social effects of the lottery, put about by Camelot and the Department of National Heritage, is breathtaking and should not go unchallenged. For all their attempts at disguising the facts and recent social research, three things are clear.

First, participation - both in terms of numbers playing and share of income spent - is heavily skewed towards lower-income households, many of whom can ill afford the expenditure. Second, the £1bn-plus spent so far on so-called "good causes" is sharply slanted towards the south-east in general and London's elite cultural institutions in particular. Third, punters have little idea where the half of their betting outlay not returned in prize money goes, and no say whatever in the spending on "good causes".

The second and third aspects are the most easily rectified. The

For sale: a licence to pollute

Traded pollution permits have curbed sulphur dioxide emissions in the US and could soon be extended more widely, says Leyla Boulton

Six years after it was approved by the US Congress as part of the Clean Air Act, trading in permits allowing companies to pollute has cut sulphur dioxide emissions in the US faster and more cheaply than ever expected.

Now the architects of pollution trading in Chicago have ambitions to extend the business to a wider range of polluting substances. And supporters are advocating an international trading system for permits to release carbon dioxide - the best-known man-made cause of global warming - into the atmosphere.

Critics may say it is immoral to give companies an explicit right to pollute. But Mr Richard Sandor, a former vice-president of the Chicago Board of Trade (CBOT), who launched sulphur dioxide trading, argues it injects pragmatism into environmental protection. "It's time to take the environment out of the warm, fuzzy area," he says. "You can't just say 'I want to save all the dolphins in the world'. You've got to work out how to solve problems in the most cost-effective way."

The way the sulphur dioxide "allowance" system works is simple. The Environmental Protection Agency, a federal agency, issues permits to release the amount of pollution allowed by the Clean Air Act. Most are allocated to power companies but a small number are auctioned once a year by the CBOT to set a price for them. If plant A gets permits to emit 150,000 tonnes of sulphur dioxide but wants to emit 155,000 tonnes, it must purchase an extra 5,000 allowances (each worth a tonne of sulphur dioxide) - or pay a fine for exceeding the price of the permits.

If the plant is able to cut its emissions further than required, it has surplus allowances. It can either sell the surplus to another plant, or save it for future years.

Trading has two main advantages over traditional environmental regulation. It gives companies a financial incentive to reduce emissions for less than it would cost to buy permits. And, by leaving it to companies to decide how and when to reduce emissions, it reduces not just the cost of compliance but the bureaucracy required to enforce environmental legislation. The EPA reckons emission reduction through trading has so far cost US industry just \$2.5bn - half as much it would have cost under the EPA's traditional regulatory system.

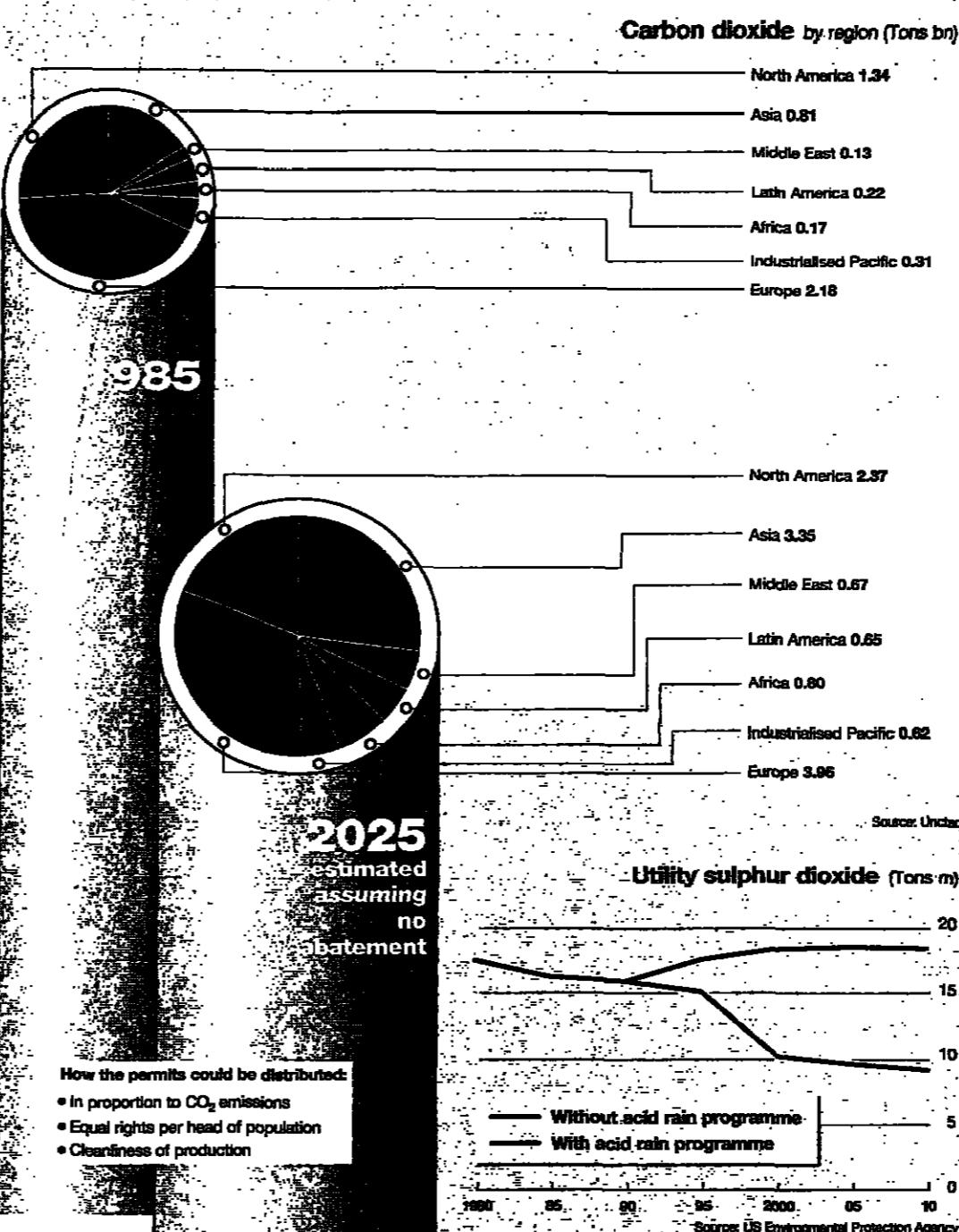
The scheme has certainly worked: the US's 110 most polluting power plants spewed out only 5.3m tonnes of sulphur dioxide last year, well below a government ceiling of 8.7m tonnes - prompting some environmentalists to say the targets were too lax. The ultimate aim of the programme, by progressively reducing the number of permits distributed to industry, is to cut sulphur dioxide emissions to half their 1980 level by 2010.

Its success has inspired the EPA to consider extending trading to oxides of nitrogen, toxic substances such as mercury, and possibly even particulate dust emitted by long-distance haulage trucks.

Mr Joseph Goffman of the Environmental Defence Fund, a US environmentalist group, says the only obstacle to wider use of trading is that politicians may be reluctant to set targets and then cede control of how these targets are achieved. "For the first time it says 'we don't care how you reach environmental protection targets,'" he explains.

Other countries have been slow to follow the US example. But there is increasing international support for the US view that international perfor-

Emissions: the case for curbing air pollution



mit trading could tackle climate change. "In the US, the principle of cost-effectiveness is well understood, but in Europe it is the regulatory pain that is important," says Mr Frank Joshua, of the United Nations Conference on Trade and Development (Unctad), which backs the idea.

In practice, sulphur dioxide emissions need to be supplemented by local controls to avoid concentrated

pockets of pollution. But trading would be perfect for carbon dioxide emissions, which occur everywhere and have no local side-effects.

The International Panel on Climate Change, the body charged by governments with investigating global warming, recently described trading as the most "promising" of the ways it had considered for tackling climate change.

Mr Michael Grubb of the Royal

Institute of International Affairs, the London-based think tank, and a member of the IPCC, believes trading could break the international impasse on fighting global warming. Western nations are committed to agreeing national targets for reducing carbon dioxide emissions. But they are divided over how to do it: the European Union has toyed with the idea of a carbon tax. The US, however,

rejects the idea of new taxation.

International trading of carbon dioxide permits, distributed to countries and companies, would achieve reductions as cheaply and as flexibly as possible. This is illustrated by a simple example which supposes there are just two countries in the world, each producing 100 tonnes of carbon dioxide a year, and the global target is to reduce total emissions to 100 tonnes from 200 tonnes.

Suppose abatement costs in country A are \$6 per tonne of carbon dioxide and \$10 per tonne for country B. If each country reduced its output by 50 tonnes, the cost would be \$300 plus \$500 = \$800.

But through trading, the two countries could vary their emissions, providing the total did not exceed 100 tonnes. They could trade emission permits so that country A cut output to 25 tonnes and country B to 75 tonnes. In this case the abatement cost would be \$450 plus \$250 = \$700.

Trading is already US industry's favourite option because of its flexibility. Mr Mike Shields of Detroit Edison, the US electricity producer, says sulphur dioxide trading has shown industry it can "get reductions faster and at lower cost than expected". And the concept is catching on elsewhere. Mr David Porter, chief executive of the UK's Association of Electricity Producers, is trying to interest his members in the idea for controlling carbon dioxide emissions from power stations.

"The usual cry is for taxes on customers to discourage them from using electricity," he says. "That is like trying to control the problem from the end of a very long rope and there is no guarantee that it would exert the necessary pull."

Finally, trading could prove the best mechanism for drawing developing countries into the fight against global warming without asking them to sacrifice their right to economic development.

Unctad, which set up to help Third World countries obtain better access to world markets, says trading could be designed initially to give developing countries a surplus of permits and developed nations a deficit. By enabling Germany to buy extra permits from Guatemala for cash or more efficient technology, such a system could help developing countries curb emissions while reducing the overall cost of abatement.

Mr Joshua admits that a challenge for a body such as Unctad, which is promoting trading as part of its search for a new role, is persuading developing nations this is not designed "to let rich countries off the hook". It is working with Mr Sandor, the former Chicago Board of Trade official who now designs financial products, to raise finance for a pilot project to work through the practical difficulties.

Unctad report outlines possible criteria for allocating the permits among countries. It also suggests that an international trading system could be organised by a special UN agency, but run similarly to a self-regulating commodity market, with policing by the UN body, the private sector, and governments.

Although it is likely to be well into the next century before such a system is established, Mr Sandor isundaunted by the prospect: it took him seven years to establish interest rate futures in Europe. He believes it is only a matter of time before carbon dioxide permits become as familiar on international trading floors as D-Mark futures.

Financial Times

100 years ago

President Kruger's speech Pretoria 4th May. The Volksraad was opened this afternoon with the usual official ceremony. President Kruger said in his speech: "Hope is expressed that a meeting with

representatives of the Orange Free State to discuss the question of a closer union between the two countries, will be held soon." The speech declares that the mining industry is prosperous, and that the labour question presents a bright aspect. The financial condition of the Republic is sound.

50 years ago

The Swedish economy

There is much within this Scandinavian country which makes conditions seem a paradise compared with those under which we in Britain have to live. Food is plentiful: consumers' goods, with the possible exception of textiles, are abundant. And petrol is off the ration. As everywhere else in Europe, however, coal is very scarce. This is one of Sweden's two major problems. The other is how to keep our wealth.

The greatest anxiety of the Swedes today is that their standard of living will be forced down as a result of trade competition with less fortunate countries.

OBSERVER

Showing who's Bossi

Gatherings of the Northern League, northern Italy's separatist party, continue to furnish doses of the surreal and the unsettling in equal measure.

Last Saturday's meeting near Mantua of the self-styled Parliament of Padania, the "region" for which the League wants independence, was lobbied by northern Italian farmers and their cows, interrupted by a minute's silence in memory of Chechen leader Dzhokhar Dudayev - and policed by the League's own green-shirted guard of honour.

The historical associations of the green shirts are not pleasant. Apart from Garibaldi's Redshirts (who ended up uniting Italy, not dividing it up as the League intends), the last Italian who attempted to mix sartorial conformity and political muscle was Mussolini, with his fascist Blackshirts.

At the weekend the Greenshirts merely kept order and prevented anybody getting close to party leader Umberto Bossi. However, some zealous supporters would like a real militia serving Padania. Green, they point out, is "the colour of hope". According to the Italian press, it also happened to be the colour chosen in the 1920s for the uniform of the brutal Iron Guard formed by the Romanian

Thatcher's child?

■ Cause for celebration at the British Council School in Madrid today as former student Esperanza Aguirre is sworn in as Spain's new minister of education and culture.

Supposedly facilitated by the Duke of Alba, Franco's ambassador in London during the second world war, who talked Winston Churchill round to the idea, the school is the only such establishment owned and run by the British Council anywhere in the world.

Aguirre, 44, a former Madrid and hitherto the city's deputy mayor, has given a vote of confidence in her alma mater by sending her two offspring there. Quite what Council officials make of the identity of Aguirre's political heroine - Lady Thatcher - and her favourite reading matter - "Thatcher's memoirs *The Downing Street Years* - is another matter.

Ringing changes

■ For those who failed to make the cabinet in Jose Maria Aznar's new centre-right government, all is not lost. There is, for instance, always the chair of one of Spain's partially privatised public companies to aspire to - an almost equally important perch, and one

that is a lot more flattering to the wallet.

Top consolation prizes are four blue-chip entities - Telefonica, the telecoms operator, Repsol, the oil, gas and chemicals group, the electrical utility Endesa and Argentaria, the bank.

Telefonica could well be the first slot to be filled, with Rodriguez Martin Villa, an experienced conservative stalwart, already strongly fancied. He was interior minister during the fraught post-Franco period 20 years ago, but at 62, is far too old for Aznar's first XV.

Telefonica executives, trendy cyberspace navigators every one of them, are however aghast at the notion of a home-grown political veteran just when the company is expanding fast overseas, and engaging in complex deals with the likes of Bill Gates. "Our only hope is that Martin Villa will be satisfied to reign rather than rule, because he come from another planet," was one less than ringing endorsement.

■ Poor old Maté Hoffmann, bag-carrier-in-chief to German chancellor Helmut Kohl. The eternally elegant Hoffmann recently lost his job, but details as to why are only now emerging from the bunker-like chancellery.

One of the problems, it appears, occurred in February in Bangkok, when a number of European

leaders - Kohl included - trooped off to see their counterparts at Asean, the south-east Asian trading bloc.

Kohl was due to chat to Mahathir Mohamad, his Malaysian opposite number, unfortunately the meeting never came off. Both Kohl and Mahathir, as being the more junior, would pay the courtesy visit.

Hoffmann failed to check who was in fact supposed to be doing what, so both leaders spent the night in their respective hotel rooms. Kohl was less than pleased, and now has a new bag-carrier.

Don't feel too sorry for Hoffmann, though. He may have dropped a clanger, but in recompense he's off to Rome, as number two at the German embassy.

Cat out of the bag

■ Panicked by a slump in beef consumption of an average of 30 per cent across the European Union, the Commission is pondering an advertising campaign to convince Europeans of the wisdom of eating beef. So what should the slogan be? Last week, weary officials sitting through another late-night negotiating session between agriculture ministers in Luxembourg came up with an idea. "Eat beef - you would be mad not to!" Ho hum. Don't give up the day job yet, chaps.

Bovine copy

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Aznar ready for talks on job-creation pact

Spain's new PM picks slimmed-down cabinet

Mr José María Aznar, Spain's new prime minister, took the first steps yesterday towards leaner government by naming a reduced 14-member cabinet, the smallest since Spanish democracy was reinstated in the 1970s.

The reorganisation of ministerial portfolios in the centre-right government, with one cabinet post less than the last Socialist administration, is expected to be followed by sharp cuts in the number of state secretaries and departmental directors.

Mr Aznar, leader of the Popular party for the past six years, was sworn in yesterday by King Juan Carlos after winning a confidence vote in congress on Saturday by 181 votes to 168.

The main regionalist parties from Catalonia, the Basque country and the Canary islands gave Mr Aznar the necessary extra votes for a majority after lengthy negotiations which delayed the formation of a government following the March 3 election.

The opposition vote came from

the Socialist party, the Communist-led United Left and leftwing regional parties. There was one abstention. The two deputies from the extremist Basque party, Herri Batasuna (Popular Unity), stayed away as usual.

Mr Aznar described his government as being "of the centre and reformist", and said he would be ready to begin talks with unions and employers on a job-creation pact as soon as next week.

The overriding importance given to Spain's efforts to qualify for the European single currency was reflected in the appointment of Mr Rodrigo Rato as one of two deputy prime ministers as well as minister for the economy and finance.

Mr Abel Matutes, former European commissioner and currently chairman of the European parliament's foreign affairs committee, is being brought back as foreign minister.

Mr Aznar has taken three independent posts into his government including Mr Josep Piqué as industry minister. Mr Piqué,

chairman of the Ercros chemical group and of a Barcelona-based economics forum, is close to the moderate Catalan nationalist party Convergencia i Unió.

The most surprising appointment is Mr Aznar's choice for the defence portfolio of Mr Eduardo Serra, who was number two in the same ministry in the early years of the Socialist government and under the previous centrist administration. Mr Serra is currently president of the mobile telephone company Airtel and the international relations institute Incipit.

The other independent is Ms Margarita Mariscal, a conservative magistrate appointed to the justice ministry, which has been demerged from the interior ministry.

Among three other women ministers, Ms Isabel Tocino was named to head a new environment ministry.

Regional parties stay in the shadows, Page 2

Europe and US to press Beijing on trade

By Tony Walker in Beijing

European and US trade officials descend on Beijing this week to press China to intensify its efforts to join the World Trade Organisation and to live up to commitments to curb widespread abuses of intellectual property rights.

Visits by Mr Lee Sands, the assistant US trade representative, and Sir Leon Brittan, the European trade commissioner, coincide with controversy in the US over renewal of China's most favoured nation trading status.

The US has told China that conspicuous progress towards implementing a 12-month-old agreement to stamp out piracy of compact discs and computer software would strengthen arguments for MFN renewal.

US officials have relayed an "action plan" to the Chinese, identifying factories involved in counterfeiting and urging their closure. The administration says the US is ready to impose trade sanctions on targeted Chinese imports if Beijing does not improve enforcement of last year's intellectual property agreement.

Sir Leon, who arrives in Beijing today as a guest of Mr Qian Qichen, China's foreign minister, will add Europe's voice to calls for sterner measures to curb intellectual property rights abuses.

Sir Leon is expected to focus on seeking to persuade China to engage more vigorously in WTO negotiations, with working party talks resuming in Geneva next month. His planned intervention follows indications that Beijing has decided to "go slow" in its WTO talks.

Chinese officials argue that a US presidential election year makes it unlikely Beijing and Washington will reach a compromise necessary for agreement on China's entry. Beijing has repeatedly accused Washington of raising barriers to its admission.

China has also added its voice to the growing clamour over MFN renewal with a warning that US business would suffer if this status with its lower tariff privileges for Chinese exports, was not renewed.

Mr Zhou Shijian, a trade ministry official, said Europe and Japan would be "gleeful" if the US provoked a trade war over MFN. China has been playing up its decision last month to purchase \$1.5bn of Airbus aircraft in preference to Boeing.

Current disputes between the US and China extend beyond MFN and intellectual property. Other contentious issues include US accusations that Beijing has helped Pakistan's nuclear programme and a yawning trade gap, \$34bn last year.

CD piracy, Page 4

US utilities likely soon to acquire UK power company

By Patrick Harverson in London

Midlands Electricity is expected within the next few days to agree to a £1.7bn (\$2.5bn) takeover offer from two US utility groups led by General Public Utilities or New Jersey.

However, an all-out bid battle for Midlands is still possible because a third US group - believed to be Houston Industries - is said to be considering a counter offer for the regional electricity company.

One insider put the chances of a Houston bid at "50 per cent".

Talks between Midlands and GPU, which is reportedly being backed by Cinergy, a smaller Cincinnati-based utility, started last week and are expected to continue today.

The negotiations were said yesterday to be going well, but the two sides were not close to agreeing a final price.

Stock market speculation has suggested the US groups would offer between 450p and 500p a

share for Midlands, valuing the company at up to £2bn.

However, it is thought more likely that the offer will come in nearer 430p a share, worth about £1.7bn.

That would still be well ahead of the 371p a share Midlands accepted from PowerGen last year. The former state generator's offer was blocked last month by Mr Ian Lang, UK trade and industry secretary, on the grounds that it would hinder competition in the generating market.

It was Mr Lang's unexpected decision to block PowerGen's bid - and a separate offer for Southern Electric by National Power - that sparked the surge of US interest in Midlands.

Within days of Mr Lang's ruling, at least three US utilities had approached the company. The US groups see the UK electricity industry as fertile ground for expansion. At home they operate under tight regulatory regimes and are under shareholder pres-

sure to expand in other countries. With access to cash and cheap financing on the capital markets they have the means to do it.

Two US utilities have already acquired English electricity supply companies: Southern Company bought Sweb and CSW bought Seaboard. Industry analysts have been predicting further takeover bids from across the Atlantic.

The likely lead buyer of Midlands, GPU, owns three US utility companies operating in New Jersey and Pennsylvania. It has a market capitalisation of about \$3.7bn and last year made after-tax profits of \$362.5m on revenues of \$3.8bn.

PowerGen, which owns 21 per cent of Midlands, said yesterday it had not been approached by the US bidders about acquiring its stake.

The generator stands to make a large profit on the holding, which it acquired for an average price of 352p.

Mahathir sole candidate for Malaysian PM

Continued from Page 1

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